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With the Compliments of

Sir Frederick Maze,

Inspector General of Chinese Maritime Customs.

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CHINA.

THE MARITIME CUSTOMS.

IV.—SERVICE SERIES: No. 69.

Documents illustrative of the Origin,
Development, and Activities of the
Chinese Customs Service.

VOLUME VII:
Despatches, Letters, Memoranda, etc.
Index.

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NOTE.

Acknowledgment is made to the French, Portuguese, and United States Governments for their courtesy in allowing access to their national archives, and for permission to publish certain documents or extracts therefrom.

The sources of the documents concerned have invariably been indicated in appropriate footnotes.

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Documents illustrative of the Origin, Development, and Activities of the Chinese Customs Service.

Caleb Cushing appointed Commissioner to China and Envoy
Extraordinary and Minister Plenipotentiary of the
United States to the Chinese Court.*

No 1

DEPARTMENT OF STATE,
WASHINGTON, *May* 8, 1843.

SIR,

You have been appointed by the President Commissioner to China, and Envoy Extraordinary and Minister Plenipotentiary of the United States to the Court of that Empire. The ordinary general or circular letter of instructions will be placed in your hands, and another letter stating the composition or organization of the Mission, your own allowances, the allowance of the Secretary, and other matters connected with the expenditures about to be incurred under the authority of Congress.

It now remains for this Department to say something of the political objects of the Mission, and the manner in which it is hoped those objects may be accomplished. It is less necessary, than it might otherwise be, to enter into a detailed statement of the considerations which have led to the institution of the Mission, not only as you will be furnished with a copy of the President's communication to Congress, recommending provision to be made for the measure, but also as your connexion with Congress has necessarily brought those considerations to your notice and contemplation.

Occurrences happening in China within the last two years have resulted in events which are likely to be of much importance as well to the United States as to the rest of the civilized world. Of their still more important consequences to China herself, it is not necessary here to speak. The hostilities which have been carried on between that Empire and England, have resulted, among other consequences, in opening four important ports to English commerce, viz: Amoy, Ning-po, Shang-hai, and Fow-chow-fow.

* Records of the U.S. Department of State. Instructions, China, vol i. Instruction No. 1, 8th May 1843: Daniel Webster to Caleb Cushing.

These ports belong to some of the richest, most productive, and most populous provinces of the Empire; and are likely to become very important marts of commerce. A leading object of the Mission in which you are now to be engaged, is to secure the entry of American ships and cargoes into these ports, on terms as favourable as those which are enjoyed by English merchants. It is not necessary to dwell, here, on the great and well known amount of imports of the productions of China into the United States. These imports, especially in the great article of tea, are not likely to be diminished. Heretofore they have been paid for in the precious metals, or, more recently, by bills drawn on London. At one time, indeed, American paper, of certain descriptions, was found to be an available remittance. Latterly, a considerable trade has sprung up in the export of certain American manufactures to China. To augment these exports, by obtaining the most favorable commercial facilities, and cultivating, to the greatest extent practicable, friendly commercial intercourse with China, in all its accessible ports, is matter of moment to the commercial and manufacturing, as well as the agricultural and mining, interests of the United States. It cannot be foreseen how rapidly, or how slowly, a people of such peculiar habits as the Chinese, and apparently so tenaciously attached to their habits, may adopt the sentiments, ideas, and customs of other nations. But if prejudiced and strongly wedded to their own usages, the Chinese are still understood to be ingenious, acute, and inquisitive. Experience, thus far, if it does not strongly animate and encourage efforts to introduce some of the arts and the products of other countries into China, is not, nevertheless, of a character, such as should entirely repress those efforts. You will be furnished with accounts, as accurate as can be obtained, of the history and present state of the export trade of the United States to China.

As your Mission has in view only friendly and commercial objects, objects, it is supposed, equally useful to both countries, the natural jealousy of the Chinese, and their repulsive feeling towards foreigners, it is hoped may be in some degree removed or mitigated by prudence and address on your part. Your constant aim must be to produce a full conviction on the minds of the Government and the people that your Mission is entirely pacific; that you come with no purposes of hostility or annoyance; that you are a messenger of peace, sent from the greatest Power in America to the greatest Empire in Asia, to offer respect and good will, and to establish the means of friendly intercourse. It will be expedient, on all occasions, to cultivate the friendly dispositions of the Government and people,

by manifesting a proper respect for their institutions and manners, and avoiding, as far as possible, the giving of offence, either to their pride or their prejudices. You will use the earliest, and all succeeding occasions, to signify that the Government which sends you has no disposition to encourage, and will not encourage, any violation of the commercial regulations of China, by citizens of the United States. You will state, in the fullest manner, the acknowledgement of this Government, that the commercial regulations of the Empire, having become fairly and fully known, ought to be respected by all ships, and all persons, visiting its ports: and if citizens of the United States, under these circumstances, are found violating well known laws of trade, their Government will not interfere to protect them from the consequences of their own illegal conduct. You will, at the same time, assert and maintain, on all occasions, the equality and independence of your own country. The Chinese are apt to speak of persons coming into the Empire from other nations as tribute bearers to the Emperor. This idea has been fostered perhaps by the costly parade embassies of England. All ideas of this kind, respecting your Mission, must, should they arise, be immediately met by a declaration, not made ostentatiously, or in a manner reproachful towards others, that you are no tribute bearer; that your Government pays tribute to none; and expects tribute from none; and that even as to presents, your Government neither makes nor accepts presents. You will signify to all Chinese authorities, and others, that it is deemed to be quite below the dignity of the Emperor of China, and the President of the United States of America to be concerning themselves with such unimportant matters as presents from one to the other; that the intercourse between the heads of two such Governments should be made to embrace only great political questions, the tender of mutual regard, and the establishment of useful relations.

It is of course desirable that you should be able to reach Peking, and the Court and person of the Emperor, if practicable. You will accordingly at all times signify this as being your purpose and the object of your Mission; and perhaps it may be well to advance as near to the Capital as shall be found practicable, without waiting to announce your arrival in the country. The purpose of seeing the Emperor in person must be persisted in as long as may be becoming and proper. You will inform the officers of the Government that you have a letter of friendship from the President of the United States to the Emperor, signed by the President's own hand, which you cannot deliver except to the Emperor himself, or some high officer of the Court in his presence. You will say, also, that you have a

commission conferring on you the highest rank among representatives of your Government; and that this, also, can only be exhibited to the Emperor, or his chief officer. You may expect to encounter, of course, if you get to Peking, the old question of the *Kotou*.

In regard to the mode of managing this matter, much must be left to your discretion, as circumstances may occur. All pains should be taken to avoid the giving of offence, or the wounding of the national pride; but, at the same time, you will be careful to do nothing which may seem, even to the Chinese themselves, to imply any inferiority on the part of your Government, or anything less than perfect independence of all Nations. You will say that the Government of the United States is always controlled by a sense of religion and of honor; that Nations differ in their religious opinions and observances; that you cannot do anything which the religion of your own country, or its sentiments of honor, forbid; that you have the most profound respect for His Majesty the Emperor; that you are ready to make to him all manifestations of homage which are consistent with your own sense; and that you are sure His Majesty is too just to desire you to violate your own duty; that you should deem yourself quite unworthy to appear before His Majesty as peace bearer from a great and powerful Nation, if you should do anything against religion or against honor, as understood by the Government and people in the country you come from. Taking care thus in no way to allow the Government or people of China to consider you as tribute bearer from your Government, or as acknowledging its inferiority, in any respect, to that of China, or any other Nation, you will bear in mind, at the same time what is due to your own personal dignity and the character which you bear. You will represent to the Chinese authorities, nevertheless, that you are directed to pay to His Majesty the Emperor the same marks of respect and homage as are paid by your Government to His Majesty the Emperor of Russia, or any other of the great Powers of the world.

A letter, signed by the President, as above intimated, and addressed to the Emperor, will be placed in your hands. As has been already stated, you will say that this letter can only be delivered to the Emperor, or to some one of the great officers of State, in his presence. Nevertheless, if this cannot be done, and the Emperor should still manifest a desire to receive the letter, you may consider the propriety of sending it to him, upon an assurance that a friendly answer to it shall be sent, signed by the hand of the Emperor himself.

It will be no part of your duty to enter into controversies which may exist between China and any European State; nor will you, in your communications, fail to abstain altogether from any sentiment,

or any expression, which might give to other Governments just cause of offence. It will be quite proper, however, that you should, in a proper manner, always keep before the eyes of the Chinese the high character, importance, and power of the United States. You may speak of the extent of their territory, their great commerce spread over all seas, their powerful navy, everywhere giving protection to that commerce, and the numerous schools and institutions established in them, to teach men knowledge and wisdom. It cannot be wrong for you to make known, where not known, that the United States, once a country subject to England, threw off that subjection, years ago, asserted its independence, sword in hand; established that independence, after a seven years' war, and now meets England upon equal terms upon the ocean and upon the land. The remoteness of the United States from China, and still more the fact that they have no colonial possessions in her neighborhood, will naturally lead to the indulgence of a less suspicious and more friendly feeling, than may have been entertained towards England, even before the late war between England and China. It cannot be doubted that the immense power of England in India must be regarded by the Chinese Government with dissatisfaction, if not with some degree of alarm. You will take care to show strongly how free the Chinese Government may well be from all jealousy arising from such causes towards the United States. Finally, you will signify, in decided terms, and a positive manner, that the Government of the United States would find it impossible to remain on terms of friendship and regard with the Emperor, if greater privileges, or commercial facilities, should be allowed to the subjects of any other Government, than should be granted to citizens of the United States.

It is hoped and trusted that you will succeed in making a treaty such as has been concluded between England and China; and if one containing fuller and more regular stipulations could be entered into, it would be conducting Chinese intercourse one step further towards the principles which regulate the public relations of the European and American States.

I am, Sir, very respectfully,

Your obedient servant,

DANL. WEBSTER.

TO THE

HONBLE. CALEB CUSHING.

Newly established Custom House at Shanghai.*

(Extract.)

From the documents herewith submitted, and others already gone forward to the Department it will be seen that the position of affairs in China, particularly at Shang Hae, is sufficiently embarrassing.

The "North China Herald" of 11th Feb. contains a joint communication from Consuls of England, France and the United States, recognising a newly established Custom House, upon the "understanding that its surveillance is equally to affect every vessel "of every nation, whether a treaty power or otherwise."

Relating to the new Custom House at Shanghai.†

(Extract.)

You have been very fully advised by Mr. Marshall of his action in the matter of the duties, and the last despatch from the U.S. Legation at Canton under date of 22nd Feb. will acquaint you with the joint recognition by the three Consuls, American, French and English, of a Chinese Custom House at Shanghai, and of the consequent resumption of cash payment of duties to the Chinese Authorities.

It is much to be regretted that there has been so little steadiness in the policy pursued by the representatives of foreign governments touching this question. As the case now stands the personal rights and liabilities of merchants no less than the mutual obligations of their respective nations with the Chinese Government, are now seriously involved in the final determination of it; and there is good reason to feel that the existing tranquility and regular order between the merchants and the Custom House, may be disturbed, as in the reaction likely to occur, greater disorder than has ever existed may follow the present state of things at that Port. I shall treat the subject with all the caution and reserve that it seems to call for, and I refrain from any discussion of it, until I shall have fully informed myself of all the facts in the case.

* Records of the U.S. Department of State. Despatches, China, vol. viii. Despatch No. 2, 22nd February 1854: Peter Parker to the Secretary of State, pp. 1, 2.

† *Ibid.*, vol. ix. Despatch No. 1, 20th March 1854: Robert M. McLane to the Secretary of State, pp. 3, 4.

Chinese Customs Service and Administration of the
Revenue Department at Shanghai.*

No. 7.

SHANGHAI, 7th July 1854.

SIR,

I had the honor to address you on the 14th ultimo, dispatch No. 6 under date of inst.

I have this moment been advised that a vessel will leave Shanghai, this evening for Hong Kong, and is expected to reach there in time for the mail of the 22nd inst.

By this opportunity I am anxious you should be advised that the interview with the Vice Roy and Governor Genl. of the Liang Kiang Provinces, anticipated in Dispatch No. 6, took place in the village of Quienshan on the 21st ultimo.

So far as the local difficulties at Shanghai were concerned, the result of that interview, was in all respects satisfactory. He freely admitted that all the objections taken by me, to the establishment of Custom Houses in the interior, under the exclusive control of the Chinese Authorities, were well forward, and that such a mode of ascertaining and collecting duties, was a violation of Treaty stipulations.

These Custom Houses had been established, by his express direction, and persisted in, after he had been advised of my instructions, to the American Consul, to consider such a course, as a practical abrogation of the Treaty.

After a full, and very satisfactory discussion, it was agreed that these interior Custom Houses should be abolished, and that full power should be given to the Superintendent of Customs at Shanghai, to enter into and conclude, an arrangement with the Consuls of the three Treaty Powers, for the administration of the Custom House at this Port, hereafter upon a permanent basis.

You will find herewith marked (A), an outline of the system agreed upon, which it is believed, will effect a certain and impartial collection of the Revenue, and while this continues, the Imperial Authorities now in full possession of the country, interior to this place, and with which its commercial intercourse is bad, will encourage the transit of goods to the Port, when the duties are paid: this plan, it is not anticipated will effect much improvement of the Import trade, nor can such a result ever be accomplished

* Records of the U.S. Department of State. Despatches, China, vol. ix. Despatch No. 7, 7th July 1854: Robert M. McLane to the Secretary of State.

until the protecting power of our Government is afforded to merchandise (after paying duty) on its way to the great marts of trade in the interior, now cut off from all safe communication, with Shanghai, by the pending civil disturbances.

During our conference at Quienshan the Vice Roy was urged to communicate with the Emperor at Peking, and submit to him a project, prepared by myself, for a more enlarged Commercial intercourse with the interior, and especially the free navigation of the great rivers of the Empire. Nothing could have been more satisfactory than his friendly disposition, and demeanor, being however far advanced in years, he was startled at suggestions so calculated to break down the system of exclusiveness, which for centuries has been the settled policy of China. After deliberating upon the subject very fully, he stated that he scarcely felt authorised to communicate with the Emperor at all upon matters of foreign policy, inasmuch as the Imperial Commissioner at Canton was charged exclusively with the foreign affairs of the Empire; he determined therefore to submit the entire subject to Yu the Commissioner at Canton. Since my return to Shanghai, it has been stated to me, confidentially, that the Vice Roy did make known at length, my views, to an Uncle of the Emperor at Peking; how far this information may be correct, it is difficult to say.

Sir John Bowring, like myself, has already had satisfactory evidence that no intercourse can be had with the Imperial Commissioner at Canton, and we are now deliberating on the proper course to take in the premises: possibly before the departure of the next mail, some matured plan of our future policy may be agreed on, which will be submitted to you in detail.

I shall, by the same mail, report fully the nature and character of the new arrangement for the administration of the Revenue department, at this port, and the measures taken for the defence and protection of the foreign settlement: you will be gratified to find that the arrangements are of a very comprehensive character, and have been adopted, with the full co-operation and assent, of the Imperial Authorities, and without any dissent on the part of the Insurgents, who are still in possession of the City; But what is of paramount importance, these arrangements are of a character, that makes it impossible that any one nation, whether Great Britain or Russia, should exercise any jurisdiction whatever, at this Port, without the concurrence of the authorities of the U. States, and thus the apprehension that some have entertained of a design, on the part of England, to assume exclusive dominion or ascendancy here, is effectually disposed of.

I am prepared also to dispose of the vexed question of unpaid duties at this Port; since 7th Sept. 1853, by relieving the Govt. of the U. States, from all political responsibility in the matter. The embarrassments, and difficulties, would be endless if the Executive were required to follow the official representatives at that time in China, thro all the complicated snares, of their action, in entering and clearing ships at this port. But the law leaves me no alternative, and authorises, no delay on my part, in taking judicial cognisance of demands, made on American Citizens in China. The accompanying letter marked (B), will advise you of my views as made known, to the merchants. This subject will be brought to the notice of the Department hereafter more in detail.

Within the last few minutes I have been informed by Sir John Bowring that the two English steamers, which were sent up the Yangtse Kiang, some ten days since to purchase coal, have this morning returned; Mr. Medhurst one of the Secretaries of the English Legation, states that they proceeded as far as Nanking, and then entered into a correspondence with the Insurgent Chiefs which fully confirmed the previous accounts given of their religious and political organisation.

The letters addressed to Mr. Medhurst were as extraordinary as those forwarded in my last Dispatch No. 6.

The immediate object of the steamers being to purchase coal, the Authorities were asked upon what terms and conditions it could be obtained. The answer was that no coal would be sold to them unless they conformed to all the ceremonies of the Great Peaceful and Heavenly Kingdom by bringing precious gifts as tributes: a large quantity of coal was found near the City, but the Authorities would not allow it to be taken away and ordered batteries to be placed in the vicinity to protect it: under the circumstances, it was not deemed advisable to enter into any hostile collision, and the entire subject is now before the English Authorities for their action.

I have the honor to be,

Very Respectfully,

ROBT. M. McLANE.

To

THE HON. WILLIAM L. MARCY,

Secy. of State,

WASHINGTON CITY.

Local difficulties at Shanghai: Customs Administration and Protection and Defence of the Foreign Settlement.*

No. 8.

UNITED STATES LEGATION,
SHANGHAE, *July 27th* 1854.

SIR,

On the 7th Inst. I had the honor to address you Dispatch No. 7 advising you that I had visited the Viceroy of the Liang Kiang Provinces at the town of "Quien-Shan."

All the questions involved in the local difficulties at Shanghai, as the more general matters, I was desirous of bringing to the attention of the Imperial government, were fully discussed between us.

The general deportment of the Viceroy, was all that refined courtesy and good breeding could have desired, perfect simplicity of manners and a generous hospitality attended the reception, and everything was done by the subordinate authorities at Shanghai, and on the route, to render the journey agreeable. Capt. Buchanan of the United States Navy with four officers of the U.S. ship *Susquehanna*, accompanied me,—with three gentlemen in my own immediate suite, and to all the most careful and considerate respect was paid; their personal comfort being everywhere cared for by the Imperial Authorities.

At this interview, the local difficulties at Shanghai caused by the fall of that city in Sept. 1853 were considered in two aspects; first, the past transactions embracing the vexed question of unpaid duties; second, the future relations which should be established for the government of the local authorities of China and the United States; that the privileges of trade and commerce secured to our citizens, might be freely enjoyed, and the rights of the Imperial government duly respected at the Port of Shanghai.

As to the past, the Viceroy freely conceded there had been a period when the Imperial Authority was overthrown, but he urged that this was brief in point of time, and that the insurrection itself was local; in no way connected with any revolution elsewhere in the Empire; and the Authorities of the United States in conjunction with those of Great Britain and France, were bound by the Treaty to have co-operated with the Imperial Authorities at Shanghai, in maintaining order and peace. He conceded that the Authorities of

* Records of the U.S. Department of State. Despatches, China, vol. ix Dispatch No. 8, 27th July 1854: Robert M. McLane to the Secretary of State.

the United States had manifested the most honorable disposition, yet he pressed the fact that they had united with other Foreign Authorities in refusing to recognise the Imperial Authority, long after the Rebels had been driven from the surrounding country, and closely besieged within the walls of the City; at the same time the lawless mob within the City was recognised as a branch of a great revolutionary movement, and therefore entitled to all the rights of war in their struggles against the Imperial Government.

He complained that this concession in favor of the Rebels was carried further than was honorable and just, as the existing treaties between China, the United States, Great Britain and France, modified the abstract relations of neutrality as regulated by the Law of Nations. To this general statement of his grievances, he added, what seemed to be more pointed as a matter of complaint, that the presence of the Foreign Merchants adjacent to the walls of the City, and their active and undisguised sympathy with the Rebels within, had been the main and only real obstacle to the Imperial troops in their operations against it.

I vindicated the conduct of the Authorities of the United States, which was not difficult to do with effect, since they had always shown as much consideration for the Imperial Government as circumstances permitted; I set forth to him our right to recognise the Revolutionary movement as a movement of sufficient force and dignity, to claim from Foreign Nations the rights of a belligerent, whether the district held subject to the revolutionary jurisdiction was large or small, I freely conceded to him that these obligations of neutrality which it was the duty of Foreign Nations to observe, might be modified by Treaty; in this particular case the Authorities of the United States, always considered the existing Treaty with the Imperial Government as affecting these relations of neutrality, imposing upon our people the obligation to pay duties, and upon the Imperial Government the reciprocal obligation to protect them in their persons and property and commercial privileges; and the embarrassment in the Customs administration at Shanghae during the last twelve months, was mainly owing, I thought, to the weakness if not positive misconduct of the Imperial Authorities.

In regard to the future, he professed an earnest anxiety, to exert all his authority, to protect the rights and privileges of those resorting to the Port of Shanghae for the purposes of commerce under existing Treaties; and he pledged himself to abolish at once all interior Custom Houses, and give every facility to the passage of goods to and from the interior, conferring at the same time, full authority upon the Superintendent of Customs, at Shanghae, to

adjust with the Consuls of the three Treaty Powers, an efficient administration of customs at that Port; and he authorised him to settle the amount alleged to be due and owing as duties to the Imperial Government for ships and merchandise imported and exported since the 7th September, 1853.

I then represented to him, how pointless any adjustment of the local difficulties at Shanghae would prove, without the adoption of some general modifications of the Treaty, that would enable our people to protect their property *in transitu* to or from the Port of Shanghae.

The existing Treaty was framed upon the basis that the power of the government of the United States should always be exercised at the Five Ports open to Foreign commerce, for the protection of our citizens in their persons and property; while the power of the Imperial Government was looked to, as the means of securing a safe transit for their merchandise to the interior of China. To maintain our trade and commerce with China, would be impossible if the Imperial Government was either unable or unwilling to afford that protection. I urged the fact that during the last twelve months, the import trade of American merchants in China, was well nigh destroyed, and in consequence thereof, all the produce of China, exported by them to the United States was purchased in money, the value of which was thus enhanced thirty or forty per cent.

As a remedy for this evil I urged that other Ports in the interior should be added to those on the sea coast, to which we now had access, and especially that we should have the right to carry our goods in our own bottoms up the Yangtse Kiang to the large and flourishing marts of commerce on that river. In support of these views, I had many inducements to suggest, tending to the advantage of the Imperial Government, believing that our presence and commerce would effect more directly than any other means the tranquility of the Empire.

The Viceroy frankly confessed at the outset he had no power to deal with the general questions discussed. The Treaty confided to the Imperial Commissioner at Canton, exclusive jurisdiction of all Foreign affairs, except so far as the action of the local authorities was necessary to give effect to it. His own power he urged was confined by the Treaty to the mere act of transmitting communications from the government of the United States to the Court of China and in this connection, he said he must confine his action, to the adjustment of the local questions at Shanghae, and to the transmission of the letter of the President (letter of credence) to the Emperor.

I accepted his services in the first connection, but I declined to give him, the letter of the President, which I informed him, should be retained in my own possession, until I met some Imperial Authority, fully empowered to transmit it to the Emperor, with a faithful representation of all I had to urge, as affecting the interests of the two Empires; and I again pressed upon him, that the stoppage of the Import trade at Shanghae was a local question within his jurisdiction, and easily adjusted by opening to us, the market towns of his own Liang Kiang Provinces; the principal of which are situated upon the Yang-tse-Kiang: He requested me to submit my views in writing, after which, he said another interview, would be desirable.

Herewith in a series of correspondence (marked A) you have the letter I addressed him on the following day, covering memoranda to serve as the basis for supplemental articles to the Treaty, with which I enclosed copies of my letter of credence and full powers; soon after the receipt I received from him an invitation to another interview, which like the first, was very protracted, and made the occasion of detailed and vexatious complaint, concerning the influence already exerted by Foreigners at those Ports where they now have access. He urged me again to give him my letter of credence, for transmission to the Emperor, and await his Imperial will, as it might be communicated to the Imperial Commissioner at Canton; the experience of my predecessor was too recent and pregnant for me to yield to these solicitations, and I persisted in a resolute refusal to deliver the original letter to any one, confessing his inability to confer with me; much less to one, who affirmed his inability even to communicate my views to his Imperial Majesty.

The most patient efforts to engage his attention, and prevail upon him to transmit my letter of credence and in so doing to take the initiative in making known to the higher authorities of Peking the true state of the Foreign relations of the Empire, were entirely unavailing; and he avoided further pressure, by asking for a few days delay, to answer my letter; assuring me, that he would give a conscientious consideration to the subject; and if his duty permitted, he would open communication with the Court. Ten days after I took leave of him, I received his answer to my letter, which is of the series herewith enclosed (marked A), he pleads his insignificance and utter inability to approach the throne, and advises me that he has referred the matter to the Imperial Commissioner at Canton, charged with the concerns of Foreign nations.

This letter was delivered to me by one of the Secretaries of the Superintendent of Customs at Shanghai with a message, that the Governor of the Province and the Superintendent of Customs wished to confer with me, at my earliest convenience on the subject matter of the Viceroy's communication; an interview was had with them accordingly, they represented that though the Viceroy dare not make an official communication to the Court concerning the Foreign affairs of the Empire, yet that he had reported to the Emperor unofficially a faithful narrative of the interview at Quien-Shan, with other information derived from the local authorities at Shanghai. They further stated their own determination to report to the Emperor, as also to the Imperial Commissioner at Canton, that the modifications proposed to be made in existing Treaties, were in their judgement essential, to the preservation of trade and commerce, and to the maintenance of the friendly relations now existing between China and the United States.

Sir John Bowring, the British Minister, arrived at Shanghai a few days before I visited the Viceroy of the Liang Kiang; and I conferred with him as to the matters proper for discussion, as effecting equally Great Britain and the United States. Before leaving Canton he had notified the Imperial Commissioner that he was instructed to demand a revision of the British Treaty on the 29th August 1854, twelve years from the date of its ratification, and he indicated some of the modifications he had to propose; but the Imperial Commissioner avoided the discussion and pleaded as he did with me, the urgency of his local engagements.

On my return from Quien-Shan, I apprised the British Minister of the intercourse, I had had, with the Viceroy, and we entered into a cordial co-operation as to the general and local matters, which had been in discussion.

When the refusal of the Viceroy to communicate to the Emperor reached me, I at once replied that he imposed upon me the necessity of seeking those nearer the person of the Emperor; and that I should do so in conjunction with the British Minister equally interested with myself in the adjustment of the questions at issue.

The two Consuls made known our intentions to the local authorities at Shanghai, who, in several joint interviews, urged that we should defer our visit to the Peiho until the Emperor's commands and pleasure should be made known, in reply to the communications, which would be made to him, by the Viceroy and other Imperial Authorities of the Liang Kiang Provinces. The Viceroy himself

again addressed me, expressing his concern at the intention I had announced of approaching the Capital, there to communicate with the Emperor.

We deemed it judicious to yield to their solicitations, indeed we had little confidence that a visit to the Peiho river would have been productive of any positive result, though the conviction we both feel that it is impossible to secure the attention of the Imperial Authorities elsewhere, to the consideration of any question of commerce or trade, induced our determination to make this last effort. In the series of correspondence (marked A) you will find the correspondence with the Viceroy touching the *proposed visit to the Peiho* and the postponement thereof, in consequence of the repeated assurances we had received from the Imperial Authorities at Shanghai, that the Emperor would be made aware of our wishes.

It is proper however at this point to advise you that neither the British Minister or myself place much reliance on these assurances, and we have accordingly perfected our arrangements to communicate with the Capital direct. Sir James Sterling the Admiral Commanding the British Naval Forces in the China seas, has promised to hold two British steamers at command for this service. I shall myself leave this Port for Hong Kong in a few days, to confer with Comr. Perry, who has returned from Japan. I suppose the steamer *Susquehanna* now subject to my control will be replaced by one of those, with him, as the term of service of the crew of the *Susquehanna*, has long since expired. Capt'n. Ringgold commanding the North Pacific surveying expedition, has promised throughout the season, to hold the "*John Hancock*" at my command. I shall request a fulfilment of his promise. The *John Hancock* is the only American ship of war, in the Pacific, which could approach within twenty miles of the Peiho river. It is possible that the condition of things at Canton may modify these intentions, for the latest intelligence from that Port was to the effect that the interruption to trade, and danger to life, was greater there than in the north of China.

Meanwhile measures have been matured, under the immediate supervision of the British Minister and myself for the efficient administration of the Customs at Shanghai, and for the protection and defence of the Foreign settlement, with the sanction of the Imperial Authorities, and without infringing upon the belligerent rights of those within the walls of the City.

This has been happily effected, in a manner promising greater permanency and a more efficient administration than could have been expected in the present state of China. By the Treaties

already existing the Consuls and the Superintendent of Customs, are associated in ascertaining and levying the duties, and upon them respectively is conferred the necessary power and jurisdiction over all engaged in commerce at the Five Ports. So too, in the selection of sites for warehouses and residences, and for the municipal government of such settlement. Since the 7 Sept. 1853, these functions of the local authorities of China, have been generally suspended, and the Consuls themselves, being no longer in the presence of a civil authority that could act in behalf of the Imperial Government when it was proper to recognise it, practically surrendered to the naval authorities of the three Treaty Powers, the defence of the Foreign settlement. Such a state of things was well calculated to aggravate the evils caused by civil war, and political disorganization, and induce acts of violence and wrong on the part of the Foreign population, as unjustifiable, as those against which they had sought military protection.

Herewith (marked B) you have the minutes of a conference between the Superintendent of Customs and the three Consuls, with the consular correspondence and notifications necessary to carry into execution the arrangements agreed upon; and also a printed copy of the Land regulations signed by the Ministers of the Three Powers and the Imperial Authorities of China, in virtue of which a municipal government has been organised for the Foreign settlement embracing all who may reside therein whether Foreigners or Chinese. These arrangements have been made in conformity with Treaty stipulations. The Imperial Authorities and the Three Consuls, performing their respective functions; and the residents of the settlement, conducting their own municipal government, with such aid from the naval authorities as necessity may require. The Imperial Military Authorities in possession of the surrounding country, and the rebel chiefs, within the city, have issued their proclamations, commanding all under their control, to respect the peace and neutrality of the Foreign settlement; and the Foreign residents have been notified by their respective Consuls of their obligation to respect the belligerent rights of rebels and Imperialists.

This system is now in full operation, and it is respected by all, I think it has the necessary strength to command that respect, when from any cause, it may cease to be voluntarily rendered. The Teas and Silks from the interior reach Shanghae without serious difficulty, and the duties on imports and exports are honestly levied and promptly paid. Nothing remains in this connection to be desired, but the opening of new Ports on the Yang-tse-Kiang at which a market may be had for imports.

These arrangements are of a very comprehensive character, securing the peace and tranquility of the Foreign settlement at Shanghai, and the lives, property and commercial privileges of our people; while they render it impossible for any Foreign Power to obtain an undue ascendancy.

The land regulations signed by the Ministers of the three Treaty Powers, renounce the pretensions heretofore set up by Great Britain and France, to the exclusive enjoyment of certain concessions made to them respectively by the local authorities of China, and all Foreigners under the jurisdiction of their respective Consuls, enjoy the same privileges; the concurrent and joint action of the Consuls and the local authorities of China, having established a fundamental basis, on which the rights and privileges of all are firmly planted.

* The enclosed copy of the North China Herald contains the proceedings of the "Town Meeting" held in conformity with the call of the Consuls, and the official sanction of the Superintendent of Customs. The French Steamer Colbert, the British Brig Grecian and the American Sloop of War Vandalia constitute the permanent Naval Force, now in the Port of Shanghai.

I will reserve for another Dispatch, a report of the steps I have taken for the adjustment and settlement of the claims made upon American merchants by the Superintendent of Customs at Shanghai for duties since 7th Sept. 1853. You were advised in Dispatch No. 7 of the view I presented to American merchants of their relation to this question; I am happy to say the spirit which induced that communication, has been responded to, and appreciated by the merchants and Superintendent of Customs. They have submitted the whole matter to my judgement and arbitration; each agreeing to abide the award I may think it reasonable and just to make, in the premises, as if the same were a judgement in Court. I shall be thus enabled not only to relieve the Government of the United States from all further responsibility in the matter, but to settle the demand made on the merchants, in conformity with what is equitable and just. I had the gratification to contribute my personal and official influence, in giving the same direction, to the claims made upon British merchants, and the British Minister, has conveyed to his countrymen, the expression of the satisfaction his government will experience, in disposing of this subject in the same manner that it may be treated by the Authorities of the United States.

* The proceedings here referred to are in the hands of the printer and after they are printed will be restored.

It has been thought judicious to postpone for some weeks the award, it may be proper to render, and I shall defer further reference to it until that award is announced.

I remain very respectfully,

Your obedient Servant,

ROBT. M. McLANE.

HON. W. L. MARCY,

Secretary of State,

WASHINGTON CITY.

**Unpaid Duties at the Port of Shanghai and the establishment
of a Custom House.***

No. 19.

U.S. LEGATION,

SHANGHAI, 18th Nov. 1854.

SIR,

I have the honor to transmit herewith certain correspondence with His Excellency Sir John Bowring, the British Minister, concerning the action of the British Government, in regard to the question of unpaid duties at the Port of Shanghai, from the 7th September 1853 to the 12th July 1854. And touching certain arrangements and details of the visit we have recently made in company to the mouth of the Peiho river.

With great respect,

Your obt. Servant,

ROBT. M. McLANE.

TO THE

HON. WM. L. MARCY,

Secretary of State,

WASHINGTON CITY.

* Records of the U.S. Department of State. Despatches, China, vol. x. Despatch No. 19, 18th November 1854: Robert M. McLane to the Secretary of State with enclosures 8, 9, and 10.

Sir John Bowring to Mr. McLane.

No. 69.

SUPERINTENDENCY OF TRADE,
HONGKONG, 29th August 1854.

SIR,

I have the honor to communicate to Your Excellency copy of a Despatch which I have received from the Earl of Clarendon on the subject of the suspended duties at Shanghai, and shall be glad to be favoured with any observations thereon, with a view to preserve that unity of action and general co-operation with reference to affairs in China which my Government instructs me to keep constantly in view.

I have the honor, etc.

JOHN BOWRING.

TO HIS EXCELLENCY,

R. M. MCLANE,

etc., etc., etc.

Earl of Clarendon to Sir John Bowring.

No. 87.

FOREIGN OFFICE,
July 3rd 1854.

SIR,

The question of the securities held by Mr. Consul Alcock for the payment of duties which by reason of the Insurrection the Authorities at Shanghai were unable to collect for themselves, has been seriously considered by Her Majesty's Government, who have come to the conclusion that no other course can safely or reasonably be adopted in regard to them, than that of restoring them to the Parties, by whom they were given to the Consul.

Her Majesty's Government consider that the obligation on the part of British Subjects to pay duties to the Chinese Government depends upon the fulfilment by the Chinese Government of its obligation to afford protection to British Commerce, and upon the ability of the Chinese Authorities to collect the Duties accruing to their Government.

Neither of these conditions were fulfilled by the Imperial Authorities at Shanghai, during the interval between the Capture of Shanghai by the Insurgents and the re-establishment on the 9th of February of a Custom House competent to collect the Duties on behalf of the Imperial Government, which put an end to the Provisional system sanctioned by Mr. Consul Alcock. As regards therefore the securities taken during that period from British merchants, Mr. Consul Alcock is to be directed forthwith, to cancel them, explaining, if necessary, to the Chinese Authorities the ground on which Her Majesty's Government have decided that they ought not to be enforced.

He will state that Her Majesty's Government animated by the most friendly spirit towards the Chinese Authorities, had taken these securities from the British Merchants in the expectation that order might shortly be restored, and that British Subjects of all classes might again enjoy the protection guaranteed to them by the Treaty under the provisions of which Great Britain engaged to assist in collecting the lawful revenue of China. In no respect, however, has the expectation been realized. Shanghai up to this hour is held by the Insurgents; order has not been restored; and so far from protection being given to British Subjects they have actually been attacked in their own locality, and their lives and property exposed to the utmost danger by the Authorities commanding the Imperial Forces.

The Chinese Government have therefore no longer any claim to British assistance, and Her Majesty's Government can no longer hold the British Merchants at Shanghai responsible for the securities they have given.

As regards the future, I have to observe that although the Custom House has nominally been re-established at Shanghai, the utmost facility for the evasion of Duties appears to be afforded either by the negligence or the connivance of the Authorities.

Her Majesty's Consul will therefore distinctly inform the Chinese Authorities that such a state of things cannot be allowed to continue to the prejudice of British Interests; and that the Chinese Authorities must either levy equally and indifferently on the commerce of all Nations, the Duties accruing to the Imperial Treasury according to the established Tariff, in which case the British Consul will do all that is required of him by Treaty in order to protect the interests of the Revenue; or if the Chinese Authorities will not or cannot do this, then Her Majesty's Consul will abstain

from in any way interfering to protect the Chinese Government from the consequences of a laxity of system which the Chinese Authorities allow to prevail.

Before giving effect to this decision of Her Majesty's Government, you will make it known to your French and American Colleagues.

I am, etc.,

CLARENDON,

True Copy: G. W. CAINE.

To

SIR JOHN BOWRING,
etc., etc., etc.

Mr. McLane to Sir John Bowring.

U.S. LEGATION,

HONGKONG, 1st Sept. 1854.

SIR,

I have the honor to acknowledge receipt of Your Excellency's note of the 29th ulto. covering Copy of a Dispatch from the Earl of Clarendon on the subject of the suspended duties at Shanghai.

I should be glad to submit such observations on the subject matter of this Dispatch, as would tend to preserve unity of action between us as the Representatives of Great Britain and the United States, for I cordially reciprocate the sentiment of the British Government, recommending such co-operation with reference to affairs in China.

I concur in the general principle stated by the Earl of Clarendon, that the obligation of merchants to pay duties is reciprocal, with the obligation of the Chinese Authorities to collect the same and afford due protection; but I cannot concur with his Lordship, in the opinion that their failure to discharge that obligation at Shanghai, during the period of time referred to was complete: indeed the peculiar relations established between the Chinese Authorities and the Authorities of Great Britain and the

United States and maintained throughout the season, were of such a nature concerning protection to life and property, and the regulation of trade, as to render it impossible that the absence of protection, or the manner of collecting duties, should be alleged as a reason why the latter should not be paid.

Whatever abatement may be made from these duties, must rest upon different grounds I think, from those stated in the Earl of Clarendon's Dispatch; but although unity of action may not be attainable, I shall endeavour to approach it, as near as my duty to my government, and my concern for American merchants will permit.

I have to acknowledge the courtesy of the Earl of Clarendon, in directing that the decision of the British Government, concerning these suspended duties should be made known to me, and I shall take no action in the matter, without due notice to Your Excellency.

I have, etc.,

ROBERT M. McLANE.

TO H.E. SIR JOHN BOWRING,
etc., etc., etc.

Foreign Inspectors in the Custom House at Shanghai.*

No. 3.

LEGATION OF THE UNITED STATES,
MACAO, 25th Jany. 1856.

SIR,

Permit me to lay before the State Department the position in which I find the subject of foreign inspectors in the Chinese Custom House at the port of Shanghai, and the action I find expedient to adopt in relation thereto.

In our conference upon the subject when in Washington you expressed the opinion that the Chinese have a perfect right to employ in the service of the *Customs Department* whom they please, irrespective of nationalities, but that it is no part of the duty of

* Records of the U.S. Department of State. Despatches, China, vol. xi. Despatch No. 3, 25th January 1856: Peter Parker to the Secretary of State with two enclosures.

foreign governments, under treaty obligations, to furnish Inspectors; and it was my conviction that so far as I am concerned, it would be incumbent on me so to treat the subject. But on investigation, I find that, under the directions and with the approval of the Chief Representatives of England, France, and the United States, the Consuls of said three powers in conjunction with the local Chinese authority in 1854, deliberated upon and settled a plan for providing three inspectors, and have agreed that either of the Foreign Powers may carry out the measure, so far as respects itself, though it be abandoned by the others (vide His Excellency R. M. McLane's despatch No. 8, 27th July 1854, Exhibit B). I learn, on my arrival in China that this system of foreign Inspectors has become unexpectedly a source of great moral and political influence over the Chinese, beneficial to China, and favorable to the countries they represent; and not detrimental to commercial interests.

I am also informed, by His Excellency Sir John Bowring, Her British Majesty's Plenipotentiary, that he has received a strong representation from the British Merchants (with but few exceptions) at Shanghai setting forth the beneficial influence of the measure, and requesting its continuance; that the question of the legality of the step has been referred to lawyers of the Crown, and they have ruled its strict legality; and that the British Government is resolved not to abandon it. Thus a new aspect of the subject is presented, and I have acted in view of it, as will appear from the accompanying Exhibits A and B.

Respectfully commending the whole subject to your approval, or otherwise, as you in your wisdom shall determine,

I have the honor to remain, Sir,

Very respectfully,

Your most obedient Servant,

PETER PARKER.

HON. W. L. MARCY,

Secretary of State.

Exhibit A. Desp. No. 3.

LEGATION OF THE UNITED STATES,
MACAO, 25th January 1856.

SIR,

This will be handed you by David Olyphant Vail, Esq. my Private Secretary, who proceeds to Shanghai by the P. & O. steamer "Erin," to take the office of Inspector in the Custom House at Shanghai, rendered vacant by the absence of Capt. Carr, who, as he informed me in London, probably will not return.

On the arrival of Mr. Vail, you will immediately inform the Taoutae, or whoever may be the Chief Superintendent of Chinese Customs at that port, that Mr. Vail is the appointee on the part of the American interests in the arrangement formally entered into by the Consuls of England, France and the United States under the direction and with the concurrence and approval of their respective Ministers Plenipotentiary, in 1854, and that he is ready to take the prescribed oath, and to enter at once upon the discharge of his duties as one of the three Inspectors of Customs.

Mr. Vail, you may inform the Chinese authorities, has sustained to this Legation a relation similar to that formerly held by Capt. Carr, and possesses in a high degree its confidence as a man of talent, great urbanity of manner, and above all, he is animated by a spirit of impartiality and justice, that no one, of whatever nation, interested in his acts in the office he is about to assume, will ever be able to impeach.

Very respectfully,

Your obedient Servant,

M. W. FISH, Esq.,
United States Vice Consul,
SHANGHAI.

PETER PARKER.

Exhibit B. Desp. No. 3.

(Unofficial.)

UNITED STATES LEGATION,
MACAO, 25th January 1856.

MY DEAR SIR,

I have not the pleasure of your personal acquaintance, but from the representations of those who have, I am disposed to think our intercourse, personal and official, will be mutually agreeable.

Having addressed you officially in relation to the "Foreign Element" in the Custom House at Shanghai, I wish to write you more familiarly and freely in respect to the gentleman appointed to that office. Mr. Vail is a grandson of the late D. W. C. Olyphant, whose name will long remain favorably associated with China by all who know him; a better friend the Chinese never possessed in any foreigner, and I have great confidence that the grandson will emulate the virtues of his worthy grandsire. Mr. Vail is a gentleman of singular purity of character, of good business talents, pleasing in his manner, a general favorite with all who know him, and I doubt if one could be selected better qualified to give satisfaction to all interested in his official acts.

I am uninformed how the office *per se*, and irrespective of whomsoever may be its incumbent, is generally regarded by our countrymen in Shanghai. Those who have expressed to me their views, have done so, favorably, to the measure, provided it be carried out by a man of uprightness and impartial, both as respects the Chinese and foreigners; aiming steadily at facilitating the business of the Custom House; rigidly adhering to the Treaty; not allowing unnecessary difficulties to be raised by either Chinese officials or foreign merchants.

Admitting that any of our countrymen prefer that the arrangements of 1854 had never existed, as they *have been adopted*, and as they so provide that any one of the three nations parties to them has the right to adhere to them, although they should be abandoned by the others; and, inasmuch as it is the determination of the British Government—as I am informed on authority—to adhere to them, though alone in the matter, I deem it indispensable to American interests that we should do the same. We must be represented, and I have great confidence that it will be ably, honestly, and satisfactorily done by the person now appointed to the difficult and arduous post. You are at liberty, at your discretion, to acquaint our countrymen with the above views.

I have the honor to be, dear Sir,

Your obedient Servant,

PETER PARKER.

**Letter from various United States firms to Peter Parker,
U.S. Commissioner and his reply.***

No. 21.

LEGATION OF THE UNITED STATES,
SHANG HAE, *26th August 1856.*

SIR,

My last despatch was dated 26th ult. at Sea. On the 27th July the "Levant" came to anchor in the "Triangle" a few miles below Chin-Hai at 1 p.m. and at 4 a.m. the following morning I proceeded with Captain Smith in one of the Cutters to Ningpo, and arrived at the U.S. Consulate about 8 o'clock. The scenery of the River Min is more picturesque, but the Yung-Ho on which Ningpo is situated, and the fertile plains on either bank, will not suffer in comparison with any of the rivers and districts leading to and embracing the ports open to foreign trade. Ningpo is destined to become an important Mart, whenever it shall suit the interest of foreigners to avail themselves of its peculiar advantages. The City is situated between the fork of the river which divides into two branches at this point, with populous suburbs on either side. The streets are wider than any city I have before seen in China, and the people, the merchants and gentry, apparently superior in their physical development to those of Canton, Amoy or Shang Hae, and of fairer complexion. There were some eight or ten foreign vessels of different nations in the port, and a numerous fleet of junks (and among them a Chinese owned steamer), indicative of the extent of the Chinese trade at the port, and scores of smaller craft, were laid up and housed upon either bank of the river, their wooden anchors buried in the mud to protect them from the influence of the sun. These are chiefly employed in the coasting trade and are thus protected while waiting the North East Monsoon.

On reaching Ningpo Dr. McCartee, Acting U.S. Consul, informed me another tragedy had occurred the preceding day, though not so immediately fatal in its consequence as the one at Fuh Chow. In an affray between two American sailors, one had shot the other in the head, Smith the wounded still survived, and Jackson who shot him, had been arrested and was in irons. The prospect that the crime might prove one of the class removed from the jurisdiction of an Acting Consul by the Decree of 8th March last, and the absence of any American prison at Ningpo, decided that the evidence in the case should be taken by the Consul, and

* Records of the U.S. Department of State. Despatches, China, vol. xii. Despatch No. 21, 26th August 1856: Peter Parker to the Secretary of State, with two enclosures.

the prisoner be transported to the nearest Consul. Captain Smith readily consented to take charge of Jackson who is still on board the "Levant," awaiting his trial which will soon take place before the U.S. Consular Court at Shang Hae.

The Taoutae of Ningpo happened to be absent from the City and would not return for a day or two. I of course had no interview with any of the lower Authorities.

As yet scarcely a foreign Commercial House has been established at that port, a very limited trade in Straits (of Singapore) produce is carried on by merchants in Shang Hae through Chinese Agents.

At 10 p.m. of the same day I left for the "Levant" which we reached at 4 a.m. of the 29th ult. and a few hours after got under weigh and reached the mouth of the Yang-tse-Kiang, where we remained twenty four hours for a Pilot. On the 31st reached Woo-sung in time to forward despatches by the outgoing mail and came to anchor at Shang Hae at sunset of the 1st instant.

Exhibits No. 1, 2 and 3 embrace the correspondence with Fuh Chow, Ningpo, and Shang Hae respectively. The former two require no comment except to refer you to my note of the 26th instant to Mr. Jones as containing a succinct view of the present state of the subject of the murder of the late Mr. Cunningham, and to a despatch from Dr. McCartee of the 26th inst. illustrating the lamentable state of affairs at Ningpo in which unprincipled foreigners are also concerned.

The correspondence of the Taoutae in Exhibit No. 3, relative to the importation of Chinese vagrants into this port in foreign vessels, refers to the Peruvian ship "Antonio Terry," which being dismasted of the N.E. of Formosa put into this port for repairs, also to vessels bringing Chinese hither from the South suspected of connection with the insurgents. The "Antonio Terry" under an American Captain and first officer, cleared on the 30th ult. having some four hundred Coolies on board. While in this port she is said to have lost from desertion, sickness and suicide, some one hundred and fifty more or less. It has been said that some in the act of desertion were shot in the water, but the correctness of this I have not been able to verify. The sad catastrophe to the Dutch ship "Banca" on the 3rd July in Macao Roads, freighted with several hundred Coolies for Havanah by which vessel, officers, and most of the Coolies were destroyed, will have reached you by the last mail. A copy of a notice by the Peruvian Government regarding this traffic dated 5th March last is embraced in this Exhibit.

In submitting the Shang Hae correspondence Exhibit No. 3, I particularly invite your attention to the correspondence with the American merchants at this port on the subject of foreign Inspectors in the Chinese Custom House, to which subject I may revert hereafter.

I have the honor to be in receipt of your despatch No. 5 of the 16th May, received by the hands of R. C. Murphy, Esq., which has already received my attention, and as soon as the Duty Receipt question is disposed of I shall lose no time in laying before you the result.

With sentiments of high consideration,

I have the honor to remain,

Sir,

Your Excellency's

Most obedt. Servt.,

PETER PARKER.

HIS EXCELLENCY,

WILLIAM L. MARCY,

Secretary of State,

WASHINGTON.

(Copy.)

SHANG HAE, 5th Aug. 1856.

SIR,

We take advantage of your arrival at this Port to address you upon the subject of the continuation of the foreign Inspectorship in the Chinese Custom House here in so far as it affects American trade.

When established here in the fall of 1854, chiefly at the suggestion and by the efforts of the Honorable Mr. McLane, the affairs of the Custom House were in much confusion in consequence of existing political troubles (in this neighborhood) and some remedy was ardently desired, not only by those interested in securing to the

Authorities their rightful dues, but by the great body of merchants themselves, both English and American. The firms which we represent were unanimous in approving of an arrangement which promised to reform the abuses into which the Custom House had fallen and to put a stop to the irregularities prevailing.

We understood however that the new institution was not intended to be permanent unless continued political troubles and the concurrence of all the Powers interested induced the establishment of the same system at all the ports.

This has not proved to be the case. It is well known to the residents in China that the Government look with great disfavor upon the system, have refused utterly to allow of its establishment at the other ports and would gladly see it abolished here. Thus the concurrence of the power most interested in its existence is wanting.

The first and pressing cause for its establishment here has passed away, the Authorities having fully reorganized their affairs and being able under their own system and superintendence to conduct those of the Custom House with as much effect as elsewhere, and with this cessation of any necessity for its continuance we cannot but perceive the great disadvantage in which we are placed by it in comparison with the other ports.

Custom House business in China under Chinese supervision is conducted with a facility which greatly aids in the despatch of business and the ready lading of ships when haste is of importance, while with the minute and in some respects vexatious regulations established by the Inspectors, this advantage disappears and this in itself is no small item in the account against us. Further, at the other ports, foreigners buy from the Chinese at long price, and the latter, making their own bargains with the Authorities are able to recover a portion of the irregular dues they have been compelled to pay during the transit of the *Mdze*. at interior towns and so sell it to foreigners at a proportionately lower rate. The knowledge that no such arrangement can be made here while the unjust charges on the road are no less heavy, turns produce from our Market to other ports, even where more distant, so that we are distressed, with actually no advantage to the revenue.

The above statement is now so well fortified by the course of events that we are justified in saying that but for its peculiar situation which *commands* a certain portion of the trade, Shang Hae would be ultimately ruined as a port of export by the continuance of this system, when not in force elsewhere.

The business of the place in 1854/5 and 1855/6 was larger and has been referred to as evidence of the good effects of the new establishment. It is easy to show that this prosperity was in no wise connected with it.

The troubles at Canton in 1854/5 naturally turned teas to this port. Fuh Chow not having then been sufficiently long established as a shipping port to induce confidence in the teamen of finding a fair market there. Add to this a short crop of silk in Europe, and the rapidly growing favor in which China silk was held, induced a much greater export of that article than ever went from China before, and Shang Hae is the only port from which it can be shipped, unless by incurring much additional expense in transport. These are the two causes which produced the increase of that year.

For 1855/56, as regards silk, the same influences were at work. The statistics of tea show that instead of gaining, the port has suffered. The proportion of the whole export of tea to England which went from Shang Hae was less than for years preceding, while of greens to the U. States, the export fell off 2,000,000 of lbs., the deficit going to Canton, notwithstanding the great additional expense of the journey. The effect upon the business of the season now commencing is still more marked, no new Congou's at all having as yet been sent here, whereas in former years many vessels at the same time had loaded and departed, while the port of Fuh Chow has already despatched a fleet.

This great and disastrous change is partly owing to other causes, one of the most important, the imperfection of our currency, but we do not hesitate to place among the chief, the existence of the present system at the Custom House. For, apart from the loss of the advantages already referred to, the native dealers have a strong and insuperable dislike to foreign domination in that department, their business being transacted with more difficulty and the treatment they receive not being distinguished for the urbanity and consideration which marks the manners of the Chinese.

Therefore, while expressing our desire in all cases and circumstances fully to meet our obligations under the Treaty, a desire we have proved to be sincere by our conduct on all former occasions, we feel ourselves called upon by the interests of the port, and those whom we represent, to press earnestly upon your attention the expediency and justice of abolishing the present system.

We take the occasion to advert to the fact that for the last year no American Inspector has officiated, a deviation from the terms of the compact between the Superintendent of trade and the foreign representatives for which the former has had no good reason to show and at which, as American merchants we have naturally felt aggrieved. Suitable persons have been available for the office and we are aware have been properly presented to the Superintendent's consideration, who has evaded action under frivolous pretences. We trust you will pardon the length of this letter, occasioned by our desire to present a matter, so open to misrepresentation, in as clear a light as our abilities will admit.

We remain, Sir,

Very respectfully,

Your obedt. Servants,

(signed) RUSSELL & CO.
BULL, NYE & CO.
pp. C. D. NYE
AUGUSTINE HEARD & CO.
F. D. WILLIAMS
H. FOGG & CO.

To

HIS EXCELLENCY,

PETER PARKER,

U.S. Commissioner to China,

etc., etc., etc.

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(Copy.)

LEGATION OF THE U. STATES,
SHANG HAE, *25th Aug.* 1856.

SIRS,

Your joint address of the 5th Aug. was received on the 21st inst. upon the subject of the continuance of the foreign Inspectorship in the Chinese Custom House here, so far as it respects American trade, and in which, having traced the origin of the system, the evils incident thereto, and the altered state of the Chinese Government since its adoption, you add, that "while expressing your desire in all cases and circumstances fully to meet your obligations under the treaty, a desire proved to be sincere by your conduct on all former occasions, you feel yourselves called upon by the interests of the Port, and of those whom you represent, to press earnestly upon my attention the expediency and justice of abolishing the present system," etc.

In reply, I cannot conceal the deep solicitude awakened in my mind by the very serious aspect of trade at this port, presented on my arrival. On all hands I learned that the commerce of the port was well nigh in a state of abeyance. A fleet of merchantmen is still moored in the river, but the teas with which to freight them are not here, and with the exception of a few cargoes of silk, up to the present time, no vessel with the usual freight has left the Port, whereas in previous years, the trade of the season by this date had far advanced! When the high raised, and apparently well founded expectations, the position this port, from its geographical position, and physical advantages, was destined to attain, and the vast investments in real estate, estimated at not less than £1,000,000 Sterling, based upon those anticipations, are considered, it is impossible this unexpected reverse of prospects should fail to elicit inquiry as to its cause, or causes, and if they are in the power of removal, no time or effort should be spared in applying the remedy.

It cannot be questioned that the existence of civil war, the arena of which embraces some of the most important provinces, as regards the production of Exports, and the consumption of Imports, at this port, is one, and a material one, of these causes, and which can only be obviated by the cessation of the domestic strife. Several of the great thoroughfares of trade with Shang Hae, first the Yang-tse-Kiang—communicating directly with the Interior, Western and North Western provinces, secondly, the indirect and less commodious channel through Soo Chow and still later a less convenient passage to the South of both these, have, one after the other, been obstructed by the presence of forces in hostile array against each other.

The anomalous, and to trade ruinous, state of the currency, is doubtless as you premise, having its influence. But to the working of the present Custom House regulations, which are peculiar to this port, you attach special importance. These having examined somewhat minutely (the details of which need not here be repeated) you add that "your statement of the subject is now so well fortified by the course of events that you are justified in saying, that but for its peculiar situation which *commands* a certain portion of the trade, Shang Hae would be ultimately ruined as a port of export by the continuance of this system, when not in force elsewhere." It is impossible that such a fact, if fact it shall appear on further investigation, should not receive the early and anxious attention of the Representatives of the Treaty Powers, under whose sanction and direction that system arose, and with whom alone rests its continuance or abrogation.

So far as the abstract principle of the system is concerned, the view entertained by the Government at Washington is, as you are aware, that every Government has a right to employ in any department of its public service, whom it pleases, irrespective of their nationality, but that our Treaty with China imposes no such obligations as that of supplying Collectors of its revenue. When this was done, it was not performed as an obligation, but resorted to as an expedient demanded by peculiar, and as it was hoped, temporary exigency. Upon reliable authority I learn that a similar view of the *general principle* is entertained by H.B.M.'s Government at London. But the employment of Foreign Inspectors of Customs by the Chinese in a way that involves a responsibility and agency in their selection, on the part of the Foreign Government to which they may belong, is a different subject, and if the system is still to prevail, it should be duly regulated, and should not be local, but universal in its adoption, which would obviate some of the strongest objections and most pernicious evils to which you have adverted.

It is not without just grounds that as American merchants you express yourselves aggrieved that during the last year no American Inspector has officiated, a deviation from the terms of the compact, and this too, whilst suitable persons have been available for the office, and though properly presented to the Superintendent's consideration have been rejected, under pretences worse than frivolous. You may rest assured precautions will be taken to prevent recurrence of the like in future.

For the present the subject of the appointing of an Inspector of Chinese Customs at this port, to supply the vacancy occasioned, first by the absence, and finally by the resignation of Capt'n. Lewis Carr,

will be left in abeyance. But the whole subject will at an early date be brought in review before the Ministers of England, France, and the U. States, when the views you have submitted with so much candor, and with great clearness, will be duly considered, and the Regulations of the 29th June 1854, be confirmed, modified, or rescinded altogether, as they may determine.

I remain, Sirs,

Very respectfully,

Your obedt. Servt.,

PETER PARKER.

To

MESSRS. RUSSELL & CO.

MESSRS. BULL, NYE & Co. pp. C. D. NYE, Esq.

MESSRS. A. HEARD & Co.

F. D. WILLIAMS, Esq.

MESSRS. H. FOGG & Co.

SHANG HAE.

Administration of Chinese Customs at Canton.*

No. 23.

LEGATION OF THE UNITED STATES,
MACAO, *December 10, 1859.*

SIR,

I have the honor to inform you that immediately on my arrival at Canton, I received an invitation from His Excellency Lau, the Governor-general of the Two Kwang to visit him at his palace in the city (the first, I believe, ever extended to a foreign minister); the invitation was readily accepted, and on the 26th ult. I made him a visit, in company with Commodore Stribling, at his yamun, which was returned by him on the 29th ult. At both these interviews, we had long and satisfactory discussions in relation to the mode of collecting the Chinese Customs, and their administration at the port of Canton has been arranged to my entire satisfaction, as will appear by the correspondence (Inc. 1, 2).

It is but an act of justice to say, that I found the English Commissioner of Customs ready to accede to all demands which I could with justice or propriety make. The rules which have been issued have been amended so as to come strictly within the provisions of the treaty, and those which were not necessary to secure the collection of the revenue stricken out. An American is to be placed at the head of the Custom House at Canton, and at one of the other ports, which arrangement, as only six ports are at present to be conducted according to this system, will give the Americans a fair proportion.

Coming to China with strong prejudices against the English, it was natural that I should sometimes have imagined that an effort existed to thwart our views, and a reluctance on their part to concede to us that which we were entitled to. Investigation and experience have alone been required to remove all such erroneous impressions on my part.

Before leaving Shanghai, and after all matters relating to the treaty had been arranged with the Chinese Government, I thought it a favorable time to present to it the set of standard weights and measures which had been brought out by my predecessor for that purpose (Inc. 3, 4).

* Records of the U.S. Department of State. Despatches, China, vol. xviii. Despatch No. 23, 10th December 1859: John E. Ward to the Secretary of State, with enclosures 1, 2, and 5.

Since my arrival at this place, I have received the reply of Ho, the Imperial Commissioner, to my last letter in relation to the collection of Customs (Inc. 5) but it is now of less importance, as the matter had been arranged when it was received.

I have appointed Mr. Charles W. Bradley, Jr. to be Vice Consul at the port of Swatau about to be opened; copy of his commission is annexed (Inc. 6). I have hitherto been unable to find an American who is willing to go to the other port of Taiwan in Formosa for the fees of office; and I fear it will be without a Consul until a salary has been fixed by Act of Congress, and an appointment made by the President. The Chinese authorities have issued the necessary orders for both these Ports to be opened on and after Jan. 1, 1860.

Without in the slightest degree intending to interfere with the regulations of the Navy, I feel it to be my duty to inform you that if the war commences at the North during the coming spring and summer, there may (and probably will) be, disturbances at some of the open ports; and our citizens, with the large interests we have in China, will in that event, with the present naval force, be without adequate protection.

I have the honor to be,

Sir,

Your obedient Servant,

JOHN E. WARD.

TO THE HON. LEWIS CASS,
Secretary of State,
WASHINGTON.

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Disp. 23: Inc. 1. Dec. 10, 1859.

LEGATION OF THE UNITED STATES,
CANTON, *Novem. 28th* 1859.

The Undersigned, Envoy Extraordinary and Minister Plenipotentiary of the U.S. to China, begs to express to your Excellency the gratification he felt at learning, when at the interview held at your official residence, that American citizens would be fully and fairly represented in the Custom House under the new system about to be established at Canton, wherein foreigners are to be employed; and further, that no rules should be enforced against American citizens, but such as had been submitted to and approved by the American Consul or Minister, as being conformable to treaty.

The Undersigned also called attention to a new rule about to be enforced in relation to levying tonnage duties upon steamboats belonging to citizens of the United States employed in carrying passengers, baggage, and other free articles. While it is true that these boats carry some goods, on which the duty is regularly paid, their chief employment is to convey passengers, both foreigners and natives, to whom they have been of great use; but, as they constantly come and go, to levy tonnage duties would drive them from the river, which would be a great inconvenience to the subjects of both our countries who have hitherto used them. He expressed the opinion that a commutation of the tonnage duties upon these boats, by which they would pay them once in every six months, would be a just and equitable settlement of the matter; and he was much gratified to find that your Excellency's views on this point agreed with his own.

When these things have been arranged, the utmost harmony will exist between our countries, and commerce be uninterrupted, which the Undersigned begs to assure your Excellency is his most earnest wish.

JOHN E. WARD.

TO HIS EXCELLENCY LAU TSUNG-KWANG,
Governor-general of the Two Kwang,
etc., etc., etc.

Disp. 23: Inc. 2. Dec. 10, 1859.

Lau, Governor-general of the Provinces of Kwangtung and Kwangsi, a deputy-censor, ex-officio President of the Board of War, etc. etc. herewith sends a reply

I have had the honor to receive your Excellency's communication of the 28th ult. in which you inform me as follows:—

(Mr. Ward's dispatch is here quoted)

As it was necessary to confer with the Collector of Customs upon the matters contained in the above, I accordingly sent him a communication, directing him to examine into them, and have received the following reply:—

“ It was agreed at Tientsin, between the Chinese Commissioners, and the Ministers of England, America, and France, among other arrangements, that the Chinese Government might adopt what means appear to it best suited to protect its revenue, and that one uniform system should be adopted at every port: It is at liberty, irrespective of the interference of any foreign officer, to select any foreigner it sees fit to aid in the collection of revenue. I have recently received a dispatch from His Excellency Ho, Governor-general of the Two Kiang, directing me to arrange the mode of collecting the revenue at this port according to the plan in operation at Shanghai; and I communicated the arrangements beforehand to the American consul, that he might inform the merchants that they would go into effect on the 24th of October.

“ With regard to those foreigners who have been engaged as assistants in the administration of Customs, there has been no distinction of nations, but, seeing that His Excellency Ho is altogether ignorant as to what foreigners are good or bad, capable or otherwise, he has deputed Mr. Lay, who is in charge of the department to select persons who are suitable; and I know that his design is to select both Americans and Frenchmen. At all the ports men will be selected for their fitness for the duties, and transferred as may be desirable in managing the system, just as they can most assist in public business. It is not intended to employ men of one nation at one port, and those of another nation at a second; though, if there be, among the persons employed in the Customs, untrustworthy incapables, they will be dismissed, no matter to what country they belong, in order that public business be not impeded.

“ Such regulations as are adopted for collecting the revenue
“ must clearly be according to treaty stipulations, none in the least
“ degree contravening their requirements; and whenever it is
“ necessary to establish any rules, they will previously be made
“ known to the American functionaries for their examination and
“ revision. His Excellency, the American Minister, need have no
“ anxiety that in all these arrangements the treaty will not be adhered
“ to.

“ It appears that the steamers, which daily pass in and out,
“ can hardly be put on the same footing with merchant ships which
“ make the passage once or twice a month; though, of course, they
“ pay the regular duties on the cargo according to the tariff. I have
“ already informed the Consuls that the merchants should pay the
“ tonnage duties on these steamers quarterly; but, from the present
“ communication to me, I learn that it is proposed to pay them
“ biennially, but only on those steamers which continually go in
“ and out of port, and not on other vessels. His Excellency the
“ American Minister having had a personal interview whereat this
“ matter was discussed, it is deemed proper to arrange it in that
“ manner. The foreign merchants should be informed of it, and
“ know that the regulation applies only to steamers, other vessels
“ not being entitled to avail themselves of it, but paying according
“ to the fixed rules. This will strengthen the amicable feelings at
“ present subsisting, and this reply is sent to your Excellency to
“ examine and take the measures deemed fit.”

The above reply coming to me, I accordingly now communicate
it to your Excellency, hoping that it will prove satisfactory.

TO HIS EXCELLENCY JOHN E. WARD,

Envoy Extraordinary and Minister

Plenipotentiary of U.S.

December 5, 1859.

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Disp. 23: Inc. 5. Dec. 10, 1859.

Ho, Imperial Commissioner, charged with the affairs of foreign commerce, Governor-general, etc. etc. herewith sends a reply.

I had the honor yesterday to receive your Excellency's dispatch of the 10th inst., in which you refer to the engagement of foreigners to assist at the Chinese Custom Houses in the collection of revenue, and that it was unsuitable to quote the Xth Article of the Commercial Regulations negotiated at Shanghai, inasmuch as their operation has been suspended. The dispatch likewise refers to the issue of rules for regulating the collection of revenue at the open ports, in which functionaries of the United States must be consulted before carrying them into effect, seeing that the foreigner in charge of the Customs at those ports has issued a set of regulations at Canton highly injurious to all the American merchants; adding, that it is your Excellency's intention to proceed to Canton on the 12th inst., to examine into the affair yourself.

In my reply of the 5th inst. I carefully and fully discussed this general subject, and stated that I had already sent a dispatch to the Collector at Canton, directing him to revise the published rules, and ascertain which of them were injurious to the interests of commerce, and also learn whether any Americans could be employed as assistants in the Customs there.

In that reply I adhered to those principles of reason and propriety on which our conference had been conducted, and did not adduce the Xth Article of those Commercial Regulations as a proof in support of my argument, for I am well aware that we have come to the decision to suspend action upon them, and not now carry them into effect. But, if, in accordance with the general tenor of those Regulations, His Imperial Majesty's Government has already called in the aid of foreigners, it seems to be needless for foreign functionaries to interfere at all in the details; for if so, then the whole revenue system might as well be managed as in former times;—and why, too, now refer this matter to the Collector at Canton for his revision?

The rules to be adopted at the several ports should be modified according to the circumstances of each port, and though foreigners assist in their discussion and arrangement, the whole must afterwards be submitted to the Collector for his scrutiny and approbation, and then wait until I have myself decided upon them before they actually go into operation. If the regulations do not, after all, contravene treaty stipulations, still more have foreigners no right to interfere in their execution.

I will now again address the Collector at Canton, advising him to examine the regulations issued there, and revise any of them which are detrimental to the merchants or shipping of the United States, so that those interests shall be protected and harmonized; and at the same time to inquire whether Americans can be employed as assistants in the Customs at that port, and what men of talent and capability from that country are eligible to be employed.

When your Excellency reaches Canton as now proposed, you will of course fully examine the regulations which have been published, and learn whether they are consonant to treaty stipulations, and their details can be discussed with the Collector of Customs, and the whole matter fully arranged.

TO HIS EXCELLENCY JOHN E. WARD,
Envoy Extraordinary, etc., etc

November 14, 1859.

Establishment of the Chinese Customs Service.*

(Extract.)

In relation to the first, the New Custom House System has been inaugurated at three of the open Ports—Shanghai, Swatau, and Canton—I learn that it is the intention of Mr. Lay (who has been employed by the Chinese Government to carry out this System) to establish the same at all the other ports as soon as practicable. In a former Despatch I have fully explained the part which I have felt it to be my duty to take in the inauguration of this System. I have recommended no individual American Citizen for any appointment nor have I used my influence to secure the appointment of any one, but I have demanded that American interests should be recognised by the appointment of a proper portion of American Citizens and this was necessary to prevent in the language of Mr. Reed “an English and French Commercial Protectorate on this Coast.” I have, however, said to American Citizens accepting this appointment that they must do so with the full understanding that they became *Chinese* officials responsible alone to the Chinese Government and deprived of all claim upon their own for protection during the tenure of their office.

* Records of the U.S. Department of State. Despatches, China, vol. xix. Despatch No. 6, 26th March 1860: John E. Ward to the Secretary of State, pp. 12–15.

Wherever this new System has been established the transit regulations have been carried out as far as the influence of the Custom House could extend, but this is necessarily very limited and, as I have before said, foreigners must be able to follow their goods into the Country and to go into the Country for the purpose of purchasing produce before the benefits of this System can be realised to any extent. No such right being given by our Treaty but as stated by Mr. Reed in his communication to the Imperial Commissioners dated Shanghae November 10, 1858: "The right of "Citizens of the United States to go into the interior of China is "derivative—is conferred by that clause of the Treaty of Tientsin "of the 18th of June which gives to the United States and its "Citizens all the privileges of the most favored nation." We must wait for the enjoyment of this right until the English Treaty from which it is derived shall have been exchanged and put in force. Whilst therefore I am anxiously expecting by the arrival of every mail to learn that the Treaty with both Conventions has been officially published by the President it will be impossible to enforce that embodying the Revised Tariff and New Regulations of Trade and transit until the settlement of the difficulties between China and England and France.

**Translation of letter from Prince Kung to Mr. H. N. Lay granting him
leave of absence, but requesting him first to come to Tientsin
to organise a Custom House there.***

The Prince of Kung, by Imperial appointment, President of the Board for the management of Foreign Affairs, addresses a communication to H. N. Lay, Esquire, Inspector General of Maritime Customs, appointed to assist (the Prince) in the administration and general supervision of the Foreign Customs Revenue at all the ports open to foreign trade.

I am in receipt of your two official letters in which you inform me that you have already made application to return home upon sick leave, and that it is impossible for you to come to Tientsin to establish the Custom House there. You inform me that you have appointed a cousin of the French Secretary of Legation, M. Klecszkowsky, to be Commissioner of Customs at Tientsin, and

* Horatio N. Lay, C.B.: "Our Interests in China," London, 1864, pp. 5, 6.

that you have directed the (assistant) Commissioner at Canton, Mr. Hart, to repair to Peking to take my instructions, and that these arrangements have necessitated certain alterations in respect to the salaries of these gentlemen, and the wages of the Tientsin establishment, to which you draw my attention, etc., etc.

The zeal and carefulness which characterised your administration of the Customs Department at Shanghai and other ports, for a number of years, were so satisfactory that you gained our complete confidence, and induced me to appoint you to aid in the management of the new ports to be opened to trade where the energetic assistance of one so fully experienced as yourself would be more than ever necessary.

However, as you now apply for leave of absence, I feel bound to meet your wishes. I must add at the same time, that the port of Tientsin has to be opened, and that all matters will at first be new to every one. The fairness, the diligence, and the carefulness which have marked your long administration of Customs matters are deeply appreciated by me. You must, therefore, not refuse, in spite of ill-health to come to Tientsin, and set matters on foot. You shall not be detained at furthest more than half a month, and as soon as the new machinery is set in motion you will be free to go to England for the benefit of your health. This arrangement will doubtless be quite satisfactory.

If you have any secret reason for dissatisfaction which you have hesitated to mention, state it to me with frankness. I thus testify the extraordinary confidence that I have in you, and you are consequently bound to attend to this injunction. An urgent letter.

Hienfung, 11th year, 2nd moon, 28th day (7th April 1861).

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Ministers' lack of power to appoint Inspectors of the Customs and concerning various Americans in the Customs Service.*

No. 17.

SHANGHAI, *May 18th 1862.*

SIR,

I have the honor to acknowledge the receipt of your despatch No. 7 under date of Feby. 18th.

In reply to your despatch No. 6 I have to write, that, upon examination, I find that I have no power to appoint Inspectors of Customs. By (Rule) Art. 10 of the Supplementary Treaty the high officer appointed by the Chinese Gov. to superintend foreign trade, "will be at liberty of his own choice and independently of the suggestion or nomination of any American authority to select any American citizen he may see fit, to aid him in the administration of the Customs revenue." I shall still try to incline the high officer in the direction of your desires. I have received a despatch from Arthur B. Bradford Esq. our Consul at Amoy, informing me that an American citizen at that Port by the name of Ward—W. W. Ward—brother of my predecessor—is an avowed secessionist. In your despatch No. 6 you intimate that the Gov. has no disposition "to disturb him"; from which I infer that his brother is loyal and that you suppose him to be, and that you desire to mark your appreciation of loyalty in Southern men. If, upon confirmation of the information of Mr. Ward's treasonable proclivities I shall use all the influence I can to persuade the Chinese Gov. to select a loyal American in his place I am confident that I shall receive your approbation.

I am happy to inform you that through the active influence of George F. Seward Esq. our Consul at this Port, the first place in the Staff of the Harbor Master, was secured for an American. In the Customs arrangement the Americans have the chief place at Canton, Amoy, and Kiukiang, the English at Shanghai and Hankow, and the French at Foochow.

Since my despatch No. 14, Ningpo has been taken from the rebels, through the aid of the English and French, with considerable loss to the allies, and the authority of the Chinese Gov. is restored.

The English and French have undertaken to maintain a line, twenty miles from Shanghai—running from the Yangtsze-kiang river to Hanchow Bay, and are now engaged in driving the rebels, with many battles—beyond it.

* Records of the U.S. Department of State. Despatches, China, vol. xx. Despatch No. 17, 18th May 1862: Anson Burlingame to the Secretary of State.

I have just learned of the fall of the French Admiral Protêt, who was killed by the rebels yesterday. I have not learned the particulars. His loss is much felt, and every demonstration of sadness made, I shall depart for Peking to-morrow evening by the Steamer Carthage.

I have the honor to be,

Your obedient Servant,

ANSON BURLINGAME.

HON WM. H. SEWARD,
Secretary of State.

China has right to make and enforce Customs Regulations.*

PEKING, *Dec. 9th* 1862.

SIR,

On the receipt of the papers in the case of the American barque "Agnes," I at once brought the facts to the attention of the Government. The officers who communicated with me through my Interpreter, professed great desire to accede to my wishes to have the ship released and the damages for her detention paid, and stated that if I would in a formal despatch place the facts before them they would communicate them to Sieh, the Superintendent of trade, in the Province in which Ningpo is situated, with instructions, that if he found the facts as I had stated them, at least, the ship should be instantly released. I shall at once make such statement and have it interpreted and acted upon. I regret that the mail which will take this, leaves this morning; but their letter will doubtless be sent at once by their own courier overland. The case as it comes to me is somewhat embarrassing. The Capt. states one thing, and the Superintendent of Customs another. The Capt. denies having violated the Customs Regulations. Mr. Giquel declares that he has, and names two witnesses to prove it.

* Records of the U.S. Department of State. Despatches, China, vol. xx. Enclosure with Despatch No. 30 (10th December 1862): Anson Burlingame to Willie P. Mangum, 9th December 1862.

Now it is clear that the Chinese Government by the Treaty has the power to make Customs regulations and to enforce them by seizure and confiscation of property; but it has no power to impose fines, because these are imposed upon persons and look to possible arrest and imprisonment. Punishment by the XIth Art. of the treaty can only be inflicted by the Consul of the Country to which the citizen belongs. If Capt. King in this case landed goods in violation of the regulations the Gov. was right in seizing them. If he did not and it seized them illegally, then it was wrong and the question became a political one, for reference to the diplomatic agents at Peking—to be negotiated and decided upon, according to the evidence and equity of the case. It is not necessary for the Chinese Gov. to go into our Court with such questions. It cannot if it would (see Attorney Genl. Cushing's opinion in Consular Instructions). The Chinese Gov. has nowhere in the treaty yielded up its sovereignty so far as to preclude it from enforcing its own revenue laws on its own territory; but on the contrary has expressly reserved the right to do so (see Rules 6 and 10 of the Sup. Treaty). In this case when the Superintendent of Customs undertook to punish by demanding that Capt. King should come before him to relieve his person from the charge of having done an improper act, and by putting a prohibition upon his vessel until he should purge himself by apology and fine was wrong and the Taoutai was wrong in sustaining him. Capt. King, you say, had paid the duties and had received a permit to discharge his cargo. He was therefore entitled to discharge it, subject only to the seizure of that portion, discharged in violation of Port regulations. These hasty views are not a decision, as there is no case before me for judicial action. I shall do all I can for Capt. King, but his misfortune is that it will take so long to get action on the part of the Chinese Gov. I must thank you for doing all you could to settle the matter amicably.

I have the honor to be,

Your obt. Servant,

ANSON BURLINGAME.

WILLIE P. MANGUM,
U.S. Consul.

British Subjects, employees in the Chinese Customs Service, not civilly answerable in British Courts for acts done by them in their official capacity: Case of Bowman *versus* Fitzroy.*

Mr. Bruce to Earl Russell.—(Received 17th April 1863.)

(Extract.)

PEKING, 23rd December 1862.

I have the honour to inclose copy of a despatch from the Prince of Kung, protesting against the attempt to sue before British Tribunals British subjects in the service of China for acts done by them in the exercise of the authority confided to them. Also copy of a Mandamus issued by the Supreme Court of Hong Kong to Mr. Consul Medhurst, directing him to try the case of Bowman *versus* Fitzroy, for seizure of goods, as a Customs officer, to which case the Prince alludes.

From a careful perusal of sections 4 *et seq.* of Her Majesty's Order in Council of the 13th June 1853, it appears to me that both the wording and the intention confine all proceedings in cases of breach of rules and regulations for the enforcement of Treaties to the Consul and to the Chief Superintendent of Trade. In case a British subject is dissatisfied with the decision of the Consul, the remedy lies in an appeal against his decision to the Chief Superintendent of Trade, and if the Chief Superintendent of Trade fails in his duty, the authority to which he is responsible is that of the Chief Secretary of State for Foreign Affairs. The Chief Superintendent in cases arising under this section is the Supreme Court in China; it is for him to prescribe to the Consul the course he is to pursue, and the Supreme Court at Hong Kong cannot interfere in such matters without producing confusion.

Your Lordship will understand the importance I attach to a strict adherence to this division of authority, as I am aware that if Her Majesty's Government decide that a suit against the Chinese Government can be brought before a British Tribunal under colour of an action against a British subject in Chinese employ for an act performed by him in execution of his duty, the Chinese Government will cease to employ British subjects in its Custom House, and will substitute for them foreigners of other nations, whose Governments do not hold them personally responsible in such matters. In that case I should be deprived of the influence which, as British Minister,

* British Parliamentary Papers (hereafter cited as B.P.P.): China No. 3 (1864), "Affairs of China," pp. 31-37, 94.

I ought to exercise, considering the stake we have in China, or I should be obliged to oppose the introduction of foreigners into the Chinese service. Either alternative would prove fatal, in my opinion, to the success of the policy I have endeavoured to inaugurate at Peking, namely, that of strengthening the Chinese Executive, while introducing ideas of administration favourable to the gradual and pacific development of trade.

In my despatch of the 2nd December I referred your Lordship to a joint opinion given by Sir W. Atherton and other able Counsel to the effect that the Chinese Custom House is by Treaty entitled to confiscate goods in certain cases, and that, if it exercises this power unjustly, redress must be sought against the Government by diplomatic proceedings. Also, that for acts done by a British subject in its employ, the Chinese Government is responsible, and that were an action to be brought against him before a British Tribunal for any act done in the exercise of the authority conferred on him by the Chinese, it is a sufficient defence to plead the authority under which he acted.

In this case, had Messrs. Bowman and Co. in the first instance brought an action against Mr. Fitzroy for having seized their goods, it would, technically speaking, have been advisable to allow the plaint to have been entered, and Mr. Fitzroy to have set forth his defence on record. The action would then have come to an end. But a long correspondence and several interviews took place with the Chinese Superintendent of Customs on this case, in which that officer, very properly, treated the act as done by his authority, and accepted the whole responsibility of it.

When the case was referred to me, no sufficient ground existed, in my opinion, for demanding compensation; and it did not appear to me advisable to direct the Consul to go through the farce of summoning Mr. Fitzroy, after the complainant had recognized the act as done under the authority of the Chinese Government.

If any further argument were required to show that the Order in Council does not contemplate cases against the Chinese Custom House, it is to be found in the fact that the only penalty which can be imposed under it is a fine of \$500, or imprisonment for three months.

It would be a very advantageous operation for the Chinese Government to be able to confiscate a cargo through its foreign employee, and to escape further liability on payment of a fine \$500, or by the imprisonment of its foreign employee.

However, the point at issue between me and the Supreme Court is one of jurisdiction. I deny that, in cases under the 4th section of the Order in Council, the Supreme Court can dictate to the Consul what he is to do. These cases are exclusively within my province, subject to the instructions I may receive from the Secretary of State for Foreign Affairs. Whether I ought to have ordered a trial *pro formâ* under the circumstances of this particular case, it remains for your Lordship to decide; but I know that the Chinese Government would have denied the competency of the Court to enter into the merits of the case, and that we should not have been further advanced, in obtaining compensation, had the Consular Court entered judgment against the defendant.

I may mention that an analogous case happened while I was in Egypt. The director of the transit was an Englishman, and some goods having been destroyed on the railway, owing, it was alleged, to a want of proper precaution, a suit was begun for damages in the Consular Court against him. The defendant demurred to the competency of the Court, on the ground that the railway belonged to the Egyptian Government, and that the claim ought to have presented against the Government. The defence was held good, and the plaint was dismissed. The propriety of the decision was not called in question. The principle is the same as that which directs that when damages are sought for an injury inflicted by a carriage, the action lies, not against the driver, but against the owner of the carriage.

I inclose copies of documents connected with Messrs. Bowman's claim, which will show that, so far from their having been treated with harshness, they were dealt with leniently by the Chinese authorities. The excuse of unintentional error is not made out, for the size of the bales in itself was sufficient to show that the quantities were mis-stated, and should have led to a voluntary offer, before seizure, to amend the description; while the forcible carrying off the bales, in spite of the tidewaiter's remonstrances, was an offence which exposed the agent of Messrs. Bowman to serious punishment, had it been brought forward against him. If the Chinese Custom House is to be efficient, it must apply penalties rigorously and without exceptions; for if a merchant of one nation is let off, the merchants of other nations claim the same indulgence. National jealousies are called into play, and efficient Customs administration becomes impossible.

The Prince of Kung to Mr. Bruce.

(Translation.)

PEKING, 24th October 1862.

The Prince of Kung makes a communication.

The Prince has been informed that the British firm of Bowman and Co., of Shanghai, who, in describing certain goods landed by them, returned to the Customs the number of pieces as much less than was found to be the case, in consequence of which they were confiscated by the Superintendent of Customs, have petitioned the Law Court of Hong Kong to call before it Mr. Fitzroy, the (Foreign) Commissioner of Customs for Shanghai, alleging that the above penalty was wrongfully inflicted.

The Prince is not versed in British law, but (it appears to his Highness) that such a proceeding is as inconsistent with the Treaty as it is at variance with justice (or reason).

It is laid down in the Treaty, Article XLVI, that the Chinese Customs shall adopt whatever measures seem best fitted to secure the protection of the revenue; and in Tariff Rule 10, that the high officer charged with the superintendence of foreign trade is at liberty to engage British subjects to aid in the prevention of smuggling.

Accordingly in the 12th moon of the 10th year of Hien-fung (January 1861) the Prince addressed a despatch to Li Tai-kwo (Mr. Horatio Lay), expressly appointing him Inspector General of Customs, and directing him to engage a number of Englishmen of good character to assist in various subordinate offices (in the protection of the revenue) at the different ports.

In the spring of the 11th year (1861), Mr. Lay applied for leave to return to England for the benefit of his health, and the Prince in a second despatch instructed Mr. Fitzroy and Mr. Hart to administer the functions of Inspector General together jointly, Mr. Fitzroy continuing to discharge the duties of Commissioner at Shanghai, his proper station.

In the 7th moon of this year (August 1862), the firm of Bowman and Co., of Shanghai, applied to the Customs for a permit to land 80 bales of 25 pieces each of long cloths, making 2,000 pieces in all. Thirty bales had been landed and stored in the godowns of the firm, when a lot of 22 bales was stopped by the tidewaiter, on account of their bulk, and, on his report, the Superintendent sent a watcher to weigh them. In the meantime, however, the firm, without

waiting to have the goods inspected, had lodged eight bales in their godowns, so that but 14 were left in the vessel. These, on examination, were found to contain 50 pieces each, and the Superintendent, on the ground that fewer pieces than the correct number had been returned, detained the 14 bales, and wrote to the Consul to request that he would send a constable to the premises of Bowman and Co., to take possession of the eight bales lodged in their godown.

The following day the representative of the firm went to the Custom House, and protested that the entry of 2,000 pieces was a clerical error, and that there had been no intention whatever to evade the duty.

As this statement was not made until after the error was detected, it is plain that the erroneous entry was made for the purpose of evading the duty, and the confiscation of the goods, for example's sake, was consequently unavoidable.

The Consul, however, begged so hard for a lenient construction of the case, that it was agreed that the whole should not be confiscated, but only the 22 bales of which cognizance had been taken on the day of the seizure.

The Prince has reviewed the case as reported to him by the Taoutae of Shanghai (the Superintendent of Customs), and he cannot find any fault with the course pursued by that officer. But, supposing his decision incorrect, why did not the merchant aggrieved apply to his Consul to move the British Minister to look into the matter as the Treaty requires? It is evident that the merchant regards Inspector General Fitzroy as acting on his own responsibility. He is not aware that Tariff Rule 10 expressly states that British subjects will be engaged merely to assist in the administration of the Customs; that they have no independent authority; that it is the Superintendent of Customs who possesses the independent authority. If the Superintendent of Customs commits himself, on the representation of the British Minister to that effect, it would be, of course, competent for the Prince to investigate his conduct; and if he were found to have done wrong, the sufferer by his wrong would, of course, have to be indemnified.

If the foreigners engaged were to act in defiance of the Superintendent's instructions, the Superintendent would either displace the offender himself, or would move His Highness to dismiss him. The foreigner exercises no irresponsible authority. But the object of engaging foreigners to assist in the Customs was the prevention of smuggling; and of what use will they be if, at the

moment they are seizing contraband goods, their action is to be stopped by the interference of foreign officials? The Commissioners of Customs being foreigners, it has become necessary to engage foreigners as tidewaiters also; and this being so, why should the merchant pretend that it is the Commissioner (only) that he wants to have summoned? If any trick to which the merchant chooses to resort is to be the rule, will he not in time to come be summoning the Superintendent himself? But surely, by parity of reasoning, if a Consul commits an error, it will be competent for an Intendant or Prefect to subject him to judicial inquiry, will it not? In a word, if an English merchant be dissatisfied with the acts of the Customs at any port, the proper course is a reference of the question by the Chinese and British authorities respectively to the Prince and the British Minister, who will then be enabled, after due consideration of the question together, to arrive at a satisfactory conclusion. The business of the Chinese Customs cannot be treated as matter of litigation. It would not be right to summon even their tidewaiters at random (or wantonly); *à fortiori* it is wrong to arrogate the power of summoning their Inspectors, who discharge (a higher order of) official duties. Still less can there be any difficulty about the course to be pursued where duties are evaded by merchants; they must be dealt with according to the Treaty, the circumstances must be considered as justice requires, the case reasoned upon consistently with the facts, and this is all that is required to close the question; there is no occasion for judicial proceedings.

These are the Prince's opinions, and he doubts not that they are shared by his Excellency the British Minister.

A necessary communication addressed to the Honourable Mr. Bruce, etc.

Tung-Chih, 1st year, 9th moon, 2nd day (24th October 1862).

IN THE SUPREME COURT OF HONG KONG.

CROWN SIDE. 28th July 1862.

Johnson & Co. versus. W. H. Medhurst.

Upon reading the affidavit of Francis Bulkeley Johnson, it is ordered that the said Walter Henry Medhurst do, upon the expiration of one month from the date of the service of this rule upon him, show cause before the Supreme Court of Hong Kong, at the Court

House, Queen's Road, Victoria, why a writ of mandamus should not issue out of the proper office of the said Supreme Court of Hong Kong, directed to the said Walter H. Medhurst, ordering him to proceed to hear and determine, as Her Britannic Majesty's Consul at Shanghai, a certain charge against the applicants of infringement of the provisions of the Treaty between Her Britannic Majesty and the Emperor of China, in respect of eighty bales of shirtings imported by them in a certain vessel called the *Capriolane* to Shanghai aforesaid, in accordance with the application of the said applicants to the said Walter H. Medhurst so to proceed, dated the fifteenth day of February last past, and why the costs of and attendant thereupon, and of this application, should not be paid by the said Walter H. Medhurst, and why the said Supreme Court of Hong Kong should not make such further or other rule or order herein as may be necessary or expedient.

Upon the motion of Mr. Edward H. Pollard.

By the Court,

(signed) T. S. HUFFUM,

Acting Deputy Registrar.

Served on me, 7th August 1862.

(signed) W. H. MEDHURST.

Woo, Taoutae, to Vice-Consul Markham.

(Translation.)

30th October 1861.

I write under the following circumstances:—

On the 5th day of the present moon (8th October), Messrs. Johnson and Co. applied for a permit to land 80 bales of shirtings from the English ship No. 3,634, describing them to contain 25 pieces each, or 2,000 pieces in all, and a permit was accordingly given them, which they kept till yesterday, when they landed 22 of the bales, which were at once perceived by the watcher named Fang to contain more than 25 pieces each, and as he saw that the 80 bales would contain 4,000 pieces, and that they reported too little by one half, he prevented the landing, and came to the Custom House to report the case.

On this, contrary to all expectation, Messrs. Johnson and Co., taking advantage of the absence of the Custom House officer, carried off eight bales into their godowns, when the officer returning stopped the remaining 14 bales, and went to the hong to demand those already carried off from a servant of the hong named Huc, who was very obstreperous, and said he would carry the other 14 bales off too, and Fang had great difficulty in persuading him to allow the 14 bales to be detained.

As, therefore, Johnson and Co. have broken the Regulations, both in reporting goods falsely and landing them by force when stopped by the Customs officer, I shall feel obliged if you will issue a warrant to enable me to send an officer and to seize for confiscation the eight bales carried into the hong, and I shall feel obliged if you will arrest the Cantonese Huc, and send him to me for examination.

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Woo, Taoutae, to Vice-Consul Markham.

(Translation.)

3rd November 1861.

I write again with reference to Messrs. Bowman and Co's case.

Messrs. Bowman and Co. having, by applying for a permit to land certain shirtings, described them as less in quantity than they really were, and when the goods were stopped by the Custom House officer, taking them into their godown, broken the Regulations, I applied to you for a search warrant to enable me to send an officer to seize and confiscate the eight bales they had carried off, and requested you to send me their servant Huc for trial.

On this you came to see me, and said that the business of the house was carried on by a clerk, that he was a youngster, that he had no intention to err, and that he would give up the eight bales for confiscation, but begged that the rest might be given up; and I, willing to deal extraordinarily leniently with the case, allowed the 58 bales which had not been landed to be so on payment of the proper duty: but he must be ordered to give up the eight bales he carried off, and I write again, therefore, to request you to issue a search warrant to enable me to send an officer to seize them, and to confiscate them, with the 14 bales already in my possession, in accordance with the Regulations; and at the same time I beg you will send me the Cantonese Huc for punishment, as a warning to others.

I beg you will do this without delay.

*Vice-Consul Markham to Woo, Taoutae.**Shanghai, 4th November 1861.*

SIR,

I have the honour to hand you the warrant you applied for, to take eight bales of grey shirtings out of Messrs. Johnson and Co.'s godown, which you have confiscated on the ground that they are smuggled. At the same time, I beg again to bring to your Excellency's notice that I firmly believe the act was unintentional on the part of Messrs. Johnson and Co.; and as the error would be sufficiently punished by the forfeiture of the eight bales in question, I must trust that you will allow the other 14, which are still at the Custom House jetty, to be landed by the merchants, or I shall be compelled to lay the matter before his Excellency Her Britannic Majesty's Envoy Extraordinary at Peking.

(signed) JOHN MARKHAM.

Woo, Taoutae, to Vice-Consul Markham.

(Translation.)

7th November 1861.

I have the honour to acknowledge the receipt of your letter of the 4th November, etc.

Immediately on its receipt I dispatched an officer, protected by your warrant, to Messrs. Johnson and Co.'s godown, and seized the eight bales that had been forcibly carried there, the other 14 bales, which I detained in the first instance, having already been confiscated.

The whole 81 bales should have been confiscated by rights, but, in consideration of the arguments and applications preferred by you personally, I have agreed that the 22 bales only should be confiscated, and allowed the merchants to take delivery of the remainder on payment of the proper duty, and consider I have been extraordinarily lenient in doing so, as this is the second time the merchants offended, they having on a former occasion landed 30 bales the number of pieces in which was falsely reported.

If this had been a clerical error, they should have gone to the Custom House, and corrected it, instead of which they attempted to land 22 more, and only found out their mistake when their goods were seized; and it is evident, therefore, that the false description was intentional, and not an accidental mistake.

Again, when my officer stopped the goods, they took advantage of his going to report it to carry off eight bales by force, and if he had not been quick back to the jetty, the other 14 bales would also have been carried in; besides which they aggravated their offence by the threat made by some of the people in the hong to beat the officer when he went there to demand the eight bales back.

I shall be very glad, therefore, if you report the case to Mr. Bruce; for if all these cases were reported to him he would know how bad merchants are, how many difficulties there are in my way. The confiscation was brought on by the merchant himself, and I was forced to my present course of action.

IN THE SUPREME COURT OF HONG KONG.

CROWN SIDE.

Statement of J. L. Vogeler.

Francis Bulkeley Johnson and Alfred James How, trading under the name or firm of Johnson and Company *versus* Walter Henry Medhurst, Her Britannic Majesty's Consul at Shanghai.

John Leopold Vogeler makes oath and says: On the 8th October last, being in the employ of the Imperial Customs as landing-waiter at the Custom House jetty, Mr. Gilmore ordered me to go down to Bowman's jetty, and look after some bales which had been entered at the Custom House as containing 25 pieces each, belonging to Johnson and Co. I accordingly went and found that the boat contained 14 bales, but the mate's order stated that the 22 bales had been delivered out of the ship into the boat. I inquired of the Chinese landing-waiter what had become of the eight bales; he answered through the interpreter that they had (Johnson and Co.'s people) taken them into the godown. I thereupon asked him who had given them permission to let the eight bales pass, as they apparently contained 50 pieces; he answered that the godown man

struck him and forced him away from the jetty. I ordered the boatmen to leave the jetty, and gave the boat in charge of the Chinese landing-waiter to take round to the Custom House jetty. After I saw the boat safely anchored I reported the fact to Mr. Gilmore and told him the boat was there, and that by all appearance the bales contained 50 pieces. I also reported to him that the Chinese landing-waiter had been struck by the godown man; he asked me if he had any marks to show; I said I did not ask him, and I had not seen. The 14 bales were some days after taken into the Custom House godown and opened, and found to contain 50 pieces; I opened one or two of the bales myself.

Sworn to before me at Her Britannic Majesty's Consulate, Shanghai, this eleventh day of August eighteen hundred and sixty-two.

(signed) JOHN MARKHAM,
Her Britannic Majesty's Vice-Consul.

Mr. Bruce to Consul Medhurst.

(Extract.)

PEKING, 3rd November 1862.

I have had before me the papers connected with the claim of Johnson and Co. for restitution of 22 bales of grey shirtings confiscated by the Taoutae of Shanghai.

With respect to the merits of this particular claim, I am clearly of opinion that the circumstances of the case, and the violent conduct of the agents of Messrs. Johnson and Co., were such as not only justified the seizure of the 22 bales, but would have justified the seizure of the 80 bales had the Taoutae availed himself of his undoubted right to seize and confiscate them.

If the application to land had contained an error in the description of another parcel of goods, and had that error been against the merchant, there would have been evidence of an absence of fraudulent intent, and good ground would have been afforded for claiming a remission of penalty. But the statement of the offending party, that fraud was not intended, is not sufficient ground on which to found a claim for restitution; for it is perfectly clear that unscrupulous traders would never hesitate in making a statement to

that effect, when their fraudulent mis-description was discovered, and the consequence would be that the honest merchant would be exposed to an unfair competition with those who, from time to time, would succeed in eluding the vigilance of the Custom House officers.

You will inform Messrs. Johnson and Co. that I do not consider myself at liberty to claim the restitution of their goods. It is open to them, if dissatisfied with my decision, to appeal to Her Majesty's Secretary of State for Foreign Affairs, to whom I will forward any statement they may wish to make.

Earl Russell to Sir F. Bruce.

FOREIGN OFFICE, 14th August 1863.

SIR,

Her Majesty's Government have had under their consideration, and they have consulted the Law Officers of the Crown upon your despatch of the 23rd December last, and its inclosures, respecting the protest of Prince Kung against the attempt made to sue, before British tribunals, British subjects in the service of China for acts done by them in the exercise of the authority confided to them.

I have now to state to you that it appears to Her Majesty's Government that you have fallen into an error by confounding two distinct questions, viz., a question relating to the infringement of rules made under the Order in Council of the 13th June 1853, and a question as to alleged civil liability as between British subjects in the Consular Courts in China.

It appears to Her Majesty's Government that you are mistaken in treating the question which you have referred to them for decision as depending upon the 4th and following Articles of the Order in Council. Those Articles relate to the infringement of the Treaty and other Regulations, and to the punishment of such infringements by penalties, and not in any way to civil suits.

But in the present case a difference has arisen between "British subjects," that is, the complainant and the person complained of are both British subjects. To such a case the 12th Article of the Order in Council applies, and the Consul of the district is competent to hear and determine the matter. His decision is subject to an appeal

to the Chief Superintendent if the sum in dispute does not exceed \$1,000, but if it exceed that sum, then to the Supreme Court of Hong Kong, and not to the Chief Superintendent. This proceeding before the Consul will be "a suit of a civil nature," and Her Majesty's Government are of opinion that the suit ought to be entertained under Article 12 of the Order in Council. But Her Majesty's Government also think that the Court which should entertain it would be bound to give judgment for the defendant, upon the fact of his employment as a Chinese functionary in the Chinese Customs being either admitted or proved, for Her Majesty's Government conceive that a British subject so employed is not civilly answerable in the British Consular Courts for acts done by him in his official capacity.

There remains the question as to the power of the Supreme Court at Hong Kong to issue a mandamus to the Consular Court, and, so far as Her Majesty's Government are aware, such a power cannot be assumed by the Court at Hong Kong, which is, without such authority, merely a Court of Appellate, and in some cases of concurrent, jurisdiction.

I shall only further observe that these difficulties have arisen from an event not expressly contemplated in the year 1853, viz., the employment of British subjects in the service of the Emperor of China. Her Majesty's Government consider that such persons do not, by virtue of that service, cease to be "British subjects" under the terms of the Order in Council; although, in respect of acts done by them officially in the service of the Chinese Government, when such justification is pleaded and proved, they ought not to be holden civilly liable in the Consular Courts.

I am, etc.,

(signed) RUSSELL.

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Customs Staff: Reasons for preponderance of British: Foreign Custom House System entitled to American support.*

(Extract.)

I illustrated my views of distrust by reference to the controlling influence of the British in the Custom House and in the pretensions set up by his (Sir Frederick Bruce's) countrymen in the Treaty ports in favor of territorial concessions.

He agreed with me that the sensitiveness was natural, and replied that he would be pleased to remove every ground for it.

He said that circumstances more than design, had given the English the seeming control of affairs at the Treaty ports; that in the first place the English trade was very large, and besides, from long connexion with the East, many of his countrymen had acquired knowledge of the Chinese language, and when persons were wanted, it was natural that those most qualified, in that respect, should be selected. He pointed out that long ago he had recommended that the Custom House should be put upon a cosmopolitan footing, and that Mr. Lay, who was at the head of it, had endeavoured to carry out his views. I must admit that in this, he was right.

I was applied to by the Chinese through their employee Mr. Hart, then at the head of the Customs, for Americans to fill places, but I could not find any who had studied Chinese.

One of the first places in the Chinese Service, was tendered to our Consul Mr. Seward, but he could not he thought, with justice to his own Government, accept it. If we had had a school for interpreters our proper influence would have been far greater than it is now. Besides the English have been compelled to defend the Treaty ports without any assistance from us, and we have enjoyed the fruits of that protection, but in the face of these obvious facts Sir Frederick admitted that it was not in the interest of England to hold a position which gave her no special privileges, and subjected her needlessly to the criticisms of the other treaty powers, and therefore he was willing to have any arrangements made by which she would not be put in a false position.

He did not wish as far as he was concerned, that English officers should lead against the Taipings.

* Records of the U.S. Department of State. Despatches, China, vol. xx. Despatch No. 42, 20th June 1863: Anson Burlingame to the Secretary of State, pp. 4-7 and 13.

He preferred that the Chinese should employ for purposes of drill and discipline, men from the smaller States of Europe, and that I might rely upon it that he would do all he could to relieve England from the charge of being the "great bully" of the East; to relieve her "from the dilemma of being forced by local clamor to commit acts of violence, which though in accordance with past usage, and perhaps justified by our (their) former situation, do not fail to jar unpleasantly on the conscience of England and of the civilized world." The force policy was wrong and he was certain that his Government had had enough of wars brought about through hasty action of men in the East not under the sway of large ideas. He was for a change of policy. To show me that he did not wish to have an English officer at the head of the Ward force, he showed me that he himself had urged the appointment of General Burgevine an American—a fact I did not know when I wrote my despatch No. or I should have given him the credit which was his due—and when Governor Li and Takee conspired to put Burgevine out of the force (of which I shall write fully) I must say that the most determined man for his restoration, was Sir Frederick—on the broad ground that it was not good policy to have an Englishman at the head of that force.

* * * *

That the indemnity may be collected and accounted for, and that the Chinese Government may have a fund to maintain a national force, organized upon European principles, that the local Authorities may be checked in their corrupt practices, and a uniform system for the collection of the Revenue maintained, it is agreed on all hands that the present foreign Custom House system is the best as yet devised, and as it has been administered by Mr. Lay, entitled to our support.

Translation of letter from Prince Kung to Mr. H. N. Lay authorising allowance from Foreign Customs revenue, to be paid to Commissioners by port Superintendents, for upkeep of the Customs Service.*

With reference to your letter, which I received on the 4th instant, on the subject of the amount required to meet the Customs expenditure for the ensuing year here quoted at length, I have to acquaint you that this Office has this day reported the amount that

* Horatio N. Lay, C.B.: "Our Interests in China," London, 1864, p. 46.

has been after due deliberation fixed by His Majesty, and we are honoured with His commands—"Let it be as proposed. Respect this." Of this it becomes my duty to apprise you in an official letter.

The monthly draft to meet Customs expenditure will commence on the 1st of each month, and be continued every foreign calendar month. While the Commissioners of Customs are not to spend in advance more than the amount fixed, the Superintendents are not to be unpunctual in payment, nor to pay less than the amount agreed to. The total expenditure for one year of 700,200 taels (say £230,000) is to form a primary charge upon the Foreign Customs revenue, and to be paid to you by the Custom Houses in the proportions settled; and they are to report these payments quarterly to Peking. The salaries of the Inspector General and the Commissioners of Customs, travelling expenses, expense of revenue cruisers at all the ports, the expenses of the Inspector General's establishment at Peking, together with all miscellaneous expenditure, and all impossible-to-be-named expenditure, shall, it is agreed, be covered by the amount sanctioned.

Whilst addressing a circular to the above effect to all the Custom Houses, it is my duty to address the Inspector General for his guidance.

8th July 1863.

Anson Burlingame and the Sherard Osborn Fleet.*

No. 56.

LEGATION OF THE UNITED STATES,
PEKING, Nov. 7th 1863.

SIR,

I have the honor to inform you of the settlement of the most difficult question that has arisen since my arrival in China. You have doubtless heard much of the building in England, of War Steamers for the Emperor of China, and finally, of the sailing of the "Osborn Flotilla." But, unless you were more fortunate than I was, you did not learn the exact terms on which this fleet was to be made available, or on what precise service it was to be employed. When I entered into the co-operative policy with my colleagues, as recounted in my despatch No. 42, it was understood that the Steamers were to put down piracy, and aid in maintaining the

* Records of the U.S. Department of State. Despatches, China, vol. xxi. Despatch No. 56, 7th November 1863: Anson Burlingame to the Secretary of State.

Revenue Laws. On the condition that the force was to act in this sense, and that the Service was to be cosmopolitan, no special objection was made to it, by the Ministers of France, Russia and the United States. I disclosed a little suspicion in my despatch, it is true, but immediately qualified it by the confidence I expressed, in the wisdom and fairness of the British Minister, Sir Frederick Bruce. When I saw in the English newspapers, strange accounts of the number of War Steamers which were said to be building for China, I felt it to be my duty, to make enquiries of the Chinese Government, in relation to them. I did so, and gave you the result, in my brief despatch, No. , but I could not then learn the names of the vessels nor of their armament, for the Chinese had not been informed upon these subjects. About five months since, Mr. Lay, Inspector General of Customs came to Peking, to secure a ratification of certain agreements he had made, in relation to the Steamers. He did not, as far as I know, make known his purposes to the Ministers. We only gathered them from two cleverly written papers in "Blackwood" of Feby. 1863, in which Mr. Lay's merits are fully set forth, as by one intimately acquainted with them, and expectations were raised of what might result from his rare qualities in the way of civilizing China. These papers were so full of hope and good intentions that though, we at Peking felt that the author was under a misapprehension as to affairs in China—still we could but wish Mr. Lay success. His discussions with the Chinese ran through the greater part of four months, without any realization of his hopes. In the meantime, Capt. Sherard Osborn arrived with his fleet, ready for service. We soon learned that there was a "hitch," owing it was said, to the "stupidity and bad faith of the Chinese." Not knowing then, all the questions involved, I believe I may say with truth, that there was a general feeling against the Chinese. Mr. Lay desired that his own Minister, sustained by his colleagues, would menace them. Before resorting to such an unusual course, Sir Frederick, who was without instructions from his Government, on the subject, yet wishing to do what he could for Mr. Lay, desired to know the exact grounds for menace. These were stated to be, the refusal, on the part of the Chinese, to ratify certain agreements made by Mr. Lay, with Capt. Osborn and others, under a general letter of instructions from Prince Kung. Sir Frederick, with a caution, for which his Government should thank him, could not see his way clear to involve his Government, in the dispute between the Chinese Government and its own private agent, but left that Government to decide on its own responsibility whether it would sustain Mr. Lay. Besides, a suspicion could not but arise, in his own mind, as it

certainly did in mine, that Mr. Lay had possibly exceeded his powers. The Chinese Government refused to ratify the agreements, and the papers were then placed in the hands of Sir Frederick Bruce, and the nature of the agreements, for the first time, came fully to his knowledge, and to the knowledge of his colleagues—and that you may better understand them, I will give briefly, their history. For a long time past, the Ministers have suggested to the Government, that for police purposes and in aid of the Revenue Laws, a few small Steamers would be serviceable. These views were also held by the European employés in the Customs. With some vague understanding, in relation to Steamers, Mr. Lay, Inspector of Customs, who went to England, primarily, for his health, undertook to get them, but finding that he could do little without authority, he prepared a letter of instructions, which he sent out, to be adopted by Prince Kung. Mr. Hart, a very able man, who was acting in the place of Mr. Lay, had been permitted, at the request of Sir Frederick Bruce, to come to Peking, to consult about regulations for trade, in the Yang-tsze-kiang. While here, the letter arrived from Mr. Lay. Mr. Hart, by his intelligence and modest manners, had won, and deservedly so, the entire confidence of the Chinese, and favoring the Steamer project, he had no difficulty in securing their consent to the general letter of instructions, which Prince Kung sent to Mr. Lay, coupled with the suggestions of Mr. Hart which might serve to indicate the number of the Steamers and the nature of their service, when they should arrive. Mr. Lay says he never received the letter. This letter was simply a general letter of instructions to buy, equip, and man certain Steamers, and bring them to Shanghai, and to make such agreements as were necessary to this end. Under this letter, he entered into articles of agreement with Capt. Sherard Osborn, and a large number of officers and men of Her Majesty's Navy, by which the Capt. and officers and men were to serve four years. That the Capt. was not only to command the Ships purchased, but all others manned by Europeans in China, that all moneys for the payment of the force should go through the hands of Mr. Lay—that all orders were to pass through him, and if he thought any order unreasonable, he could veto it. Such is the substance of the material articles. When they were communicated to the Chinese Government, it indignantly refused to ratify them, on the ground that it would be a practical abdication of the sovereignty of the Empire. At this point, as I have before stated, the papers were placed in the hands of Sir Frederick, and the question arose, as to what was to be done with the Ships. Three dangers menaced them, upon the dissolution and departure of the force. The Daimios in Japan seeking War Steamers; the

lawless men on the coast, into whose hands they might fall, to be used for piracy, and the Confederates, who have agents in China. I earnestly protested against their being left in that situation. Sir Frederick, in a spirit of that large amity which he has never failed to recognize, at once relieved my apprehension, by stating that the Ships should be sent with the men to England, and that the whole question would be submitted to his Government. He gave this information to the Chinese Government. It was all that was left for him to do. At this stage in the history of the affair, the Chinese came to me, in a great state of alarm, and earnestly asked my advice. I said my advice would be predicated upon their answer to one question—would they, under any circumstances, ratify the agreements between Lay and Osborn. They replied that under no circumstances, would they assent to the agreements. I then advised them, 1st to give their reasons fully for not ratifying the offensive articles of agreement: 2nd, to thank the British Government and Capt. Osborn for what they had done for them: and 3rd, that inasmuch as there was a misunderstanding between them and their agent which could not be reconciled, they should request the British Minister to have the Flotilla returned to England, under the direction of Capt. Osborn, the Ships sold, the men paid off, and discharged, and the proceeds remitted to them. They followed this advice, to the letter, and addressed a handsome letter to Sir Frederick, to this effect, and without suggestion from any one, added, as a compliment to Capt. Osborn, that they would be pleased if he would accept ten thousand taels.

Thus was settled, after weeks of anxious discussion, continued for the last three days at the U.S. Legation, almost without intermission, this question, involving so many interests.

The virtue of the plan is, that it settles the question here, safely, to the satisfaction of all parties, and relieves everybody from all fear of future complications on account of the Flotilla.

The truth is, the fleet was out of proportion to the needs of the Chinese, and quite beyond anything ever dreamed of, by us, in Peking. One of the vessels, I am told, is the fastest war vessel in the world, and all the Ships are equipped in a manner, it is claimed, superior to anything of equal size, afloat. But the Flotilla had fair play, and the failure cannot be charged to the jealousy of anybody. When the several articles of agreement became known to me, I confess that I was surprised, and if the Chinese had not rejected them at once, without suggestion from any one, I should have been constrained, by a sense of justice to the Chinese, and in

the interests of my own country, to have opposed them. To the credit of the British Government, I learn from Mr. Lay, that it was not aware of the articles of agreement between Capt. Osborn and himself. The British Government may also rejoice that it had at Peking, a representative so enlightened and just that he would not, by menace, undertake to force an arrangement, no one could defend, and which would have, at once, shaken our confidence in that co-operative policy, which he had done so much to establish. He, by his prudence, relieved his Government from a complication that no man could see the end of. Capt. Osborn, as soon as he saw the real situation,—to his honor be it said—determined at once, not to involve himself or his Government. He saw that the Chinese could not meet the only conditions upon which a British officer could, with honor, serve in China. By the constitution of the Government, one must hold his commission at the will of a Local Governor, and must be subject to his orders. It is not in the power of the Imperial Government to depart from this rule, and this was the real difficulty. Had Capt. Osborn thought more of his pecuniary interests, and less of his own and his country's honor, he would have taken the command, on the Chinese conditions—have made an attack on Nanking—won a temporary notoriety—and left his country involved in a mortal struggle with the rebels, and subject to the taunts of the civilized world. For this noble course, I do hope he may be appreciated at home, as he is here—not only by the representatives of foreign Governments, but by the Chinese themselves. They had come to believe that every foreigner could be had for money, upon any terms. One man has illustrated the higher quality of Western civilization, and that man is Capt. Sherard Osborn.

For the humble part I have taken in this affair, in which I have assailed no one, but tried to do right, I am pleased to inform you that I have received the thanks of the British, French and Russian Representatives, and the kind letter from Prince Kung, which I enclose, marked A.

Hoping that my conduct may receive the approval of my own Government,

I have the honor to be, Sir,

Your obedient Servant,

ANSON BURLINGAME.

HON. WILLIAM H. SEWARD,
Secretary of State.

A.

Note from the Foreign Office to Mr. Burlingame.

PEKING, 2nd November 1863.

At 8 o'clock yesterday morning we received the translation in Chinese sent us by Mr. Williams. The matter of which it treats and that which we discussed the day before so fully with your excellency, viz., the manner of sending back the money received by the sale of the flotilla, has all been arranged; and we have likewise reported the whole to Prince Kung, who has adopted the plan.

Seeing that Admiral Osborn has had so great trouble in bringing these ships to China, and will have more in taking them back to England so long a distance, we have donated him the sum of ten thousand taels, which is to be deducted from the money received from their sale, in order to exhibit the high regard in which he is held by the Chinese Government. We shall be obliged if you will also convey him our thanks.

The reply which we were to send to the British Minister has already been handed in to him, and we will take a leisure day to prepare a copy of it to enclose for your information, and also to tender to you our thanks in person. We send this note now, with the expression of our best wishes for your daily happiness.

Cards of

WAN-SIANG,
TUNG-SIUN,
TSUNG-LUN,
HANG-KI,
SIEH-HWAN,

Members of the Foreign Office.

HIS EXCELLENCY A. BURLINGAME,
etc., etc., etc.

Mr. Lay's replacement by Mr. Hart as head of the Customs Service.*

No. 58.

LEGATION OF THE UNITED STATES,
PEKING, Nov. 23rd 1863.

SIR,

As a sequel to the Flotilla affair, I have now to inform you of the dismissal of Mr. Lay from the service of the Chinese Government. It occurred in this way. After the departure of Capt. Osborn, the Chinese came to me and said that they had lost confidence in Mr. Lay; that he had not only required that the Flotilla should be placed in his hands, but that he should have entire control of the Customs Revenue; that he had been impertinent to them; that he had demanded to be put on a level with the chief officers of the Government; that he had requested that large sums of money might be given him, so that, at Peking, he might maintain more than Imperial state; that he had requested a Foo, to live in, against the custom of the Empire, as none but members of the Royal family are permitted to reside in these. These and more complaints were made against him. They requested me to advise them, under the circumstances what to do. I told them, as Mr. Lay was not a countryman of mine, that it was a delicate subject for me to interfere in, but that I thought it was a matter exclusively their own. They intimated that they intended to dismiss him, in any event. I finally agreed to consult with my colleagues, and let them know the result. I did so, and found them unanimously of the opinion that it was the right and duty of the Chinese Government to decide for itself, the question, and that such decision could be no ground of complaint against it. I communicated this view to the Chinese, at which they expressed great satisfaction. At another interview, at the United States Legation, Sir Frederick Bruce, the British Minister, heard, as I had done before, their complaints against Mr. Lay, and of their determination to dismiss him. Our efforts were then directed in such a way as to do them and Mr. Lay, the least injury. They doubled his already enormous salary, for a few months—gave him a breakfast and a large pecuniary present (6,000 taels) at parting. After what had happened, we felt it to be our duty to urge upon them the expediency of not permitting the Inspector of Customs, or any other foreign "Employe," whose business was on the coast, to reside at Peking, in a *quasi* diplomatic capacity. In this view, they most heartily concurred, and immediately appointed Robert Hart Esq. in the place of Mr. Lay, with instructions to reside at Shanghai.

* Records of the U.S. Department of State. Despatches, China, vol. xxi. Despatch No. 58, 23rd November 1863: Anson Burlingame to the Secretary of State.

Mr. Hart had, deservedly, their confidence. For two years past, he has acted in the place of Mr. Lay, and, by his tact and ability, had won the regards of every one. Our countrymen were particularly well pleased with him. I therefore felt no hesitation in commending him warmly to their favor.

Prince Kung and suite came in person, to thank me for the service I had rendered them, by such practical suggestions, as from my cordial relations with all parties, I had been able to make.

I have the honor to be, Sir,
Your obedient Servant,

ANSON BURLINGAME.

HON. WM. H. SEWARD,
Secretary of State.

Gordon's Position in Chinese Service.*

Sir F. Bruce to Earl Russell.—(Received May 28.)

PEKING, 21 March 1864.

My Lord,

I have the honour to inclose copy of a letter from Mr. Hart, the Inspector-General of Customs, written at the request of Major Gordon, for the purpose of embodying Governor Li's explanations of the events at Soo-chow, and Major Gordon's reasons for again taking the field.

There is no statement of what passed between General Ching, who conducted the negotiations on the Governor's part, and the Tae-ping Wangs. But it appears to me, from the fact that the Ping Wang at Kia-shing-foo refused to treat with him for the surrender of that city, that the Tae-ping Chiefs attribute to him rather than to the Governor the deception, if any, practised upon them. It is perfectly clear that the Governor could not have acquiesced in the terms which the Wangs are represented as having demanded in their interview with him. His position would have been more dangerous with Soo-chow behind him in their power than it was before the capture of the place.

* B.P.P.: China No. 7 (1864), pp. 24-29.

It is to be recollected that these Wangs were the men who were the authors of the treacherous massacre of the Imperialist soldiers at Taitsan. It was by their orders that part of the Tae-ping garrison shaved their heads, as a token of surrender, and let in the Imperialist troops through one of the gates of the city, when they were seized and put to death.

One of the charges on which Shen-pao was put to death was that of having amnestied rebels in Ngan-hwey, who subsequently headed a fresh insurrection. Governor Li would certainly have been held personally responsible had any disaster taken place in consequence of his leaving Soo-chow virtually in the power of the insurgents; and after what had taken place at Taitsan, he would naturally feel no confidence in their promises, unless they were deprived of the power of doing mischief.

It appears that there was no massacre or pillage of the town; the marauders were taken and shot.

I have, etc.,

(signed) FREDERICK W. A. BRUCE.

— — — — —

Mr. R. Hart to Sir F. Bruce.

SHANGHAE, 6 February 1864.

My dear Sir Frederick,

On the 23rd ultimo, when visiting Li, Footae at Soo-chow, I took advantage of the opportunity to make some inquiries relative to the beheading of the Na Wang and others; the explanations then made led me to conclude that, however seemingly wrong from some points of view the action taken may have been, the Footae could not with justice be charged with premeditated treachery.

On the taking of the Low-mên stockades, the Wangs agreed to surrender almost unconditionally; the Footae's promise to them being merely to the effect that the lives of themselves and their followers would be spared, and that "buttons" would be given to some of them. That promise having been made, the Wangs signified their acquiescence by causing their followers to shave their heads, and by opening the city gates; a portion of the Imperialist force then entered the city. That done, the surrender was completed; the Wangs

and others having divested themselves of their character as rebels, and having been permitted to return to their allegiance, were from that moment the subjects of the Footae, and as such, were as much bound to obey his orders as any other Chinese in the Kiang-soo province. The only thing that remained to be attended to was to make provision for sending the quondam Tae-pings to their native districts, and for that purpose a Committee was at once formed, and funds were appropriated.

The Wangs thereon visited the Footae, but their demeanour was rather that of men who had terms to dictate than of people who had just been allowed to participate in an act of clemency. The tone they assumed, and the language they used, were alike unbecoming; but both tone and language might have passed without remark had it not been for the demands they then preferred. They not only refused to disband their followers, but they stated their intention of holding three of the city gates, strongly fortified positions, and demanded pay for their troops. The Na Wang told the Footae that his followers would obey the orders of nobody but himself; and when the Footae replied that that difficulty could easily be got over by his (the Na Wang's) ordering them to take the commands of himself (the Footae), the Na Wang refused to give any such order.

From the tone, demeanour, and language of the Wangs it was very evident to the Footae that he had still dangerous characters to deal with. The question then arose as to whether or not it would be safe to acquiesce in their demands.

To the Footae acquiescence seemed altogether inexpedient, and that for the following among other reasons. From the Na Wang's remark that his people would not obey the orders of any one but himself, it was only too certain that, to allow him to retain his men around him armed and not disbanded, would be simply to give a dangerous man the means wherewith to work mischief whenever inclined to do so; and the same objection pointed to the inexpediency of allowing the other Wangs to continue with their followers too, the more especially as the refusal to disband their people was coupled with a determination to hold three of the city gates. Even supposing that the Footae had seen no other necessity for calling on them to disband their men, the demand that they should be paid was in itself a sufficient reason for refusing to keep them together; for, in the first place, the Footae knew very well that the funds at his disposal were far from being adequate for the regular payment of the troops already employed in the province; and secondly, to

take on 20,000 or 30,000 additional troops would have been certain to lead, the moment funds were not forthcoming, to mutiny, revolt, and further disasters. The Footae, too, had a very distinct recollection of Tae-ping treachery, and more particularly of what had been done at Taitan, where the Tae-pings shaved their heads, admitted the Imperialists, and then, closing the gates, fell on them while unprepared, and murdered them most treacherously. For these and other reasons the Footae felt that it would be utterly unsafe and inexpedient to accede to the demands made by the Wangs.

The moment was a critical one, time pressed, and the Footae had to make up his mind very quickly as to the best course to be adopted. He felt that it would not do to refuse to comply with their demands, and at the same time allow them to rejoin their people in the city. Were he to do so, the probability was that the immediate result would be the massacre of the Imperialists (far outnumbered by the Tae-pings) who had entered the city, and an attack upon his troops outside the walls, who, scattered and unprepared, and unsupported by Gordon's force, which had previously returned to Quinsan, were sure to be cut up and dispersed; even were no such attack made, the rebel Chiefs could at least rejoin their men and march off with them and their arms to some other rebel position, and it seemed demanded by general interests that they should not be allowed to do even that.

Then there remained but two courses open to the Footae: the one was to arrest the Chiefs and keep them in confinement; the other, was to behead them at once; and in either case the action determined on was to be followed at once by the occupation of the city with as much display as possible by the whole Imperialist force. To behead them seemed the safest plan; the only harm that beheading them could possibly do would be to deter other Chiefs from coming over to the Imperialist side; whereas to arrest and keep them prisoners, while likely to have just the same effect in alarming other Chiefs, would be attended with the additional inconvenience of retaining in existence noted and able men whose continued existence would in itself be a rallying-point for discontent, and for whose liberation other Tae-pings, otherwise likely to desert the Tae-ping cause as now hopeless, might perhaps still be induced to band together, scheme and fight. The Footae therefore decided on their immediate execution.

But although the Footae appears to have had all the above pros and cons more or less distinctly before his mind, the point which seems to me to have had most weight in leading him to resolve

upon the immediate execution of the Wangs, is that hinted at in my second paragraph. The terms of surrender had not only been arranged, but the surrender had been made; the Tae-pings had shaved their heads, and Imperialist troops had entered the city: the people who had returned to their allegiance were bound to obey the Footae. The Wangs, however, refused to obey him, and preferred demands which savoured of further opposition already determined on as coming from subjects and addressed to a Viceroy. The place, too, was in what would correspond to a state of martial law in the West; and the Footae seems to have felt that safety lay in prompt and vigorous action.

The above, with other explanations made by the Footae, added to the fact that the Footae has never harmed any of the other rebel leaders that have submitted to him, cause me to think that, in the present instance, there was no premeditated treachery, and that the Footae suddenly and unexpectedly found himself placed in a dilemma, from which he saw no other way of extricating himself with safety to general interests than by acting as he did. I am not by any means a mandarin worshipper, nor am I sufficiently intimate with the Footae to have any wish to engage in special pleading in his behalf; but I give my opinion looking at the matter calmly and dispassionately.

In addition to charging the Footae with treachery, it has been said that his action damaged the Imperial cause by making it certain that in future rebels would die fighting rather than surrender, and by rendering it impossible for Gordon to co-operate again with him.

I have no doubt whatever but that the beheading of the Wangs will have an effect upon other Wangs: I do not think, however, that it will much affect the Tae-pings generally. And, indeed, Chinese are such strange people, so different in their ways of acting and thinking from Europeans, that it is not all unlikely the Footae's conduct will be to make other Wangs more careful to attend to his wishes when they get into difficulty, than to deter them from coming to terms. Could he have spared his life, the Footae might have made good use of the Na Wang; the rebel leaders are chiefly Kwang-se and Hoopih men, and between the two sets arise frequent differences of opinion. The Na Wang was from Hoopih, and being popular and influential the Footae might have succeeded through him in effecting a decided split between the two parties, if not in bringing over all the Hoopih people to the Imperialist side. As events have shown, the execution has not prevented other Chiefs from surrendering; for since the taking of Soo-chow four important cities have surrendered, viz., Cha-poo, Kea-shen, Ping-hoo-heen,

and Hae-yen-heen; and, further, the Ting Wang, at Kea-hing-foo, as also the rebel leader at Hang-chow itself, are both in communication with the Footae's agents, and their surrender may now be heard of any day.

With regard to the Footae's act having made it impossible for Major Gordon to co-operate with him for the future, it certainly up to the present has had that effect, as General Brown's despatches will have shown. The resolution come to to retain the force inactive at Quinsan until the Peking authorities had pronounced upon the Footae's conduct may have seemed the best thing to be done in the first instance. At the same time I am inclined to think that an easier and more practical way of getting out of the difficulty would have been to have sifted, and, if possible, arranged the affair on the spot, rather than to have tied one's own hands, and hurried off a report of a gross treachery to Peking. Had the occurrence been quietly and without excitement inquired into, it would have been at least understood why the Footae felt called upon to act as he did; and, though I have not seen them, I very much doubt whether the General's despatches will be found to have made the occurrence altogether intelligible or to have placed it on its proper footing. It would, too, have been seen that whereas in former instances the capture of cities had been followed by wholesale massacres, the taking of the great city of Soo-chow had been followed by no more bloodshed and by no more questionable act than the beheading of about ten rebel leaders, and that the Footae had given special orders to restrain the troops from acts of violence simply because Major Gordon had induced him to do so. Gordon's aid ensured the fall of Soo-chow; and, too, it was Gordon's advice and connexion with the troops that prevented the taking of the place from being followed by the massacre of thousands of people. Gordon says that Prince Wittgenstein must have made a mistake in his excitement, for, after the surrender of the city, although the Imperialists when entering it in force made a great noise, there was little or no bloodshed, save when Imperialist braves were beheaded by their own Commanders for looting.

Every one felt for Gordon after the execution, for it was generally supposed that it was their confidence in his honour and ability to protect them that induced the Wangs to surrender. This I am now inclined to doubt. It is a fact that the Wangs did see Gordon with General Ching, the Footae's agent, in settling for the surrender of the city; and it is very likely that the Imperialists hoped that (when they let the rebels see that our foreign leader who had beaten them in so many fights, was actually at Soo-chow, and

prepared to attack if they did not surrender) Gordon's presence would lead the Wangs to conclude that further resistance was hopeless; it was this that induced the Imperialists to wish Gordon to meet the Chiefs, and it was this effect produced, rather than any feeling of confidence in Gordon alone, that induced the Wangs to surrender. My opinion is borne out by the following facts. A youth of about 18 years of age, bold, straightforward, and intelligent, the adopted son of the Na Wang, is now an officer in Gordon's body guard. I had several opportunities of conversing with him, and on one occasion I allowed him without interruption to recount the story of the surrender and execution; he, in so doing, made no mention whatever of Gordon as having been present when the terms of surrender were arranged between General Ching and the Wangs; and, on the other hand, he said that the Na Wang had no fears for his safety when deciding to surrender, because the man who guaranteed his safety, General Ching, was the sworn brother of the Na Wang, having exchanged cards with him after the Chinese fashion. I asked the youth subsequently whether Gordon had not been present at some of the interviews, and he said that he had, but in such a way as to convince me that it was not Gordon's but Ching's presence that had led the Na Wang to feel secure. Another fact is, that the Ting Wang at Kea-hing-foo refused to treat with General Ching since the execution, and the Footae had to send another agent, Hsieh, with whom the Ting Wang is now in communication; this second fact strengthens the presumption that it was Ching's presence that had induced the Na Wang to surrender without fear. At the time of the execution Gordon was supposed to have gone to Quinsan, and even had the Footae deemed it proper to have communicated with him before acting, neither the urgency of the occasion nor the pressure of time would have allowed him with safety to have done so.

I now come to what are to some extent the results of my visit of the 23rd to the Footae.

A week after the explanations had been made by the Footae to me, I met Gordon at Quinsan. It was the first time I had ever seen him. I found that during the week the Footae had settled all the claims preferred by Gordon for gratuities to men wounded before Soo-chow, and that he had acted so liberally that Gordon had resolved to pay him a visit. I accompanied Gordon to Soo-chow, and we saw the Footae together on the 1st instant; Gordon at first conversed with him through his linguist, but afterwards through myself. I need not trouble you with a detailed account of the conversation, but shall simply relate its result.

The execution of the Wangs was touched on as lightly as possible, and it was agreed that it should not again form a subject of conversation between Gordon and the Footae: for the former has still his own opinions and feels sore about it; while the latter takes the responsibility entirely on himself, and is content to abide by the judgment of his Government. The Footae consented to issue a proclamation in which are to be embodied his reasons for executing the Wangs (on which the public can form its own opinion), and in which he is also to state that although Gordon knew of the consultations that took place prior to the surrender, the execution of the Wangs took place unknown to and in the absence of Gordon; a copy of the proclamation is to be forwarded through the yamun to the British Minister. On the other hand, Gordon consents to co-operate with the Taoutae's forces, and will move from Quinsan to Woo-sieh, some thirty miles north-west of Soo-chow, in about a fortnight; arrived there he will then consider the next step. Should instructions in the meantime be received from you directing him, on the strength of the General's representations, to leave the force, he will at once withdraw, making beforehand however such arrangements as may seem most likely to make the disbanding of the force possible; but should no such instructions be received from you, he will go on from Woo-sieh, and he will be prepared to go to work with still greater vigour and expedition should you be pleased to express approval of the local arrangement now reported of this disagreeable occurrence.

Were one even to leave aside the question as to the propriety of the step taken by the Footae, it seems to me that Gordon is right in deciding on again taking the field. The British policy in China has been to support the Imperialist cause, and general interests demand the speediest possible suppression of Taepingism. Foreign Powers do not want to divide China between them; and apart from such a step as that, the only choice left is between the Government party and the Opposition party in the country itself. The Opposition party, the Tae-pings, is one from which there is nothing to be hoped; even were it successful in coming into power, a score or so of years must pass before the country could be quieted. The present Government, corrupt as are its officials, and suspicious as we may be with regard to its hopes and actions in the future, is a Government, and one, too, suited to the nature of the people. Little as we may like it, it is better than the Tae-ping attempt at rule, and from supporting and strengthening it much more is to be hoped for than from anything else short of that difficult measure—direct foreign intervention and rule. Looking at the

matter then from the broadest point of view, and with a desire for practical and beneficial results, Gordon ought to take the field without delay.

Disaffected people—rowdy foreigners and low-class Chinese—have been immensely delighted with the inaction of the last two months. Merchants fear to return to Soo-chow, not knowing but that Gordon in his wrath may with his men join the rebels, and their continuance at Shanghae is delightful to the owners of land and houses. The rebels themselves don't know what to make of the occurrence, and their expiring energies are again fanned into a flame. His appearance in the field will have immediate results; rowdies will commence to see that their game is hopeless and that they had better leave China; Chinese traders will again flock back to Soo-chow; and the rebels will again lose heart. Chang-chow-foo will soon fall, and that will be followed very probably by the capitulation of Hang-chow, Woo-chow, and Kea-hing, and the other two or three small cities still held by the Tae-pings in this province and Che-keang. Whether a stand will be made or not at Nanking Gordon thinks very problematical, but he is rather of opinion that it will not fight. The destiny of China is at the present moment in the hands of Gordon more than of any other man, and if he be encouraged to act vigorously, the knotty question of "Taepingdom" versus "union in the cause of law and order" will be solved before the end of May, and quiet will at length be restored to this unfortunate and sorely-tried country.

We left the Footae with the understanding that the matter had been settled, the settlement being that Gordon would co-operate unless ordered by you to withdraw.

Personally, Gordon's own wish is to leave the force as soon as he can. Now that Soo-chow has fallen there is nothing more that he can do, whether to add to his own reputation or to retrieve that of British officers generally, tarnished by Holland's defeat at Tae-tsing. He has little or nothing personally to gain from future successes, and as he has himself to lead in all critical moments and is constantly exposed to danger he has before him the not very improbable contingency of being hit sooner or later. But he lays aside his personal feelings, and seeing well that if he were now to leave the force it would in all probability go over to the rebels or cause some other disaster he consents to remain with it for a time.

I trust that the local settlement of the matter will prove satisfactory, and should it be so, if you could give a word of encouragement to Gordon it would make his work while he continues

with the force much easier, as I think that, with your approbation, he would go about it even more cheerfully than before. Since hearing Gordon's linguist interpret I am quite satisfied that it is impossible for him not to have misunderstandings and pecuniary fights with the Footae. The linguist is a "talkee-talkee" "my-no-savez-he" sort of person, whose attempt at Mandarin is even viler than his English. He is quite unable to comprehend Gordon, and he is equally incompetent when he attempts to communicate the real purport of the Footae's remarks, and he besides abases himself in language to such an extent as to place Gordon in an utterly false position vis-à-vis the Footae, and to obstruct the enforcement of commonplace rights by characterising them as the "undeserved favours of a gracious and benevolent condescension, etc." However, Gordon likes the man, and as he has been with the force since Ward started it he is no doubt useful.

Gordon wished me, if writing to you, to explain matters pretty fully—I mean as to what he is about to do. I thought it well at the same time to enter into particulars generally, in order to "ventilate" from different points of view a subject which is sure to be talked and written about much at home. Trusting that you will on this score pardon the length of this letter, I am, etc.

(signed) ROBT. HART.

Openings for three Americans in the Customs Service, pay and opportunities for advancement, and qualities of Mr. Hart.*

No. 88.

LEGATION OF THE UNITED STATES,
PEKING, *July 5, 1864.*

SIR,

I have the honor to send a letter from Robert Hart, Esq., Inspector General of Customs (marked A) in which he requests me to secure the services of three Americans over 18 and under 22 years of age for the Chinese Customs Service. They will receive on their arrival in China Two Hundred pounds sterling each (about \$900 Mex) to reimburse them for expenses incurred in paying passage out.

* Records of the U.S. Department of State. Despatches, China, vol. xxi. Despatch No. 88, 5th July 1864: Anson Burlingame to the Secretary of State, with enclosure.

For the first two years they will be located at Peking to study Chinese, where they will be furnished with rooms and receive pay at the rate of £400 (about \$1800) a year. At the expiration of the 2nd year the pay of each will be raised to £600 (about \$2700) from which it will gradually rise as promotions occur to £800 £1000 and £1200 and when advanced to Commissioners (of whom there are twelve) to £1200 £1400 and £2000. At the expiration of five years service they will be entitled to a year's leave on half pay. If the Chinese Govt. should decide to dispense with their services they will be entitled to either three months notice or three months pay. After two years at Peking they will be sent by the Inspector Genl. to the ports as their services may be required.

Mr. Hart is from Belfast in Ireland and graduated with high honours from one of the first British Colleges.

He is a man of most excellent character, and of unusual administrative abilities. The men selected by him, as far as possible, are of the first class. If he shall continue at the head of the Service I do not see why the Chinese Govt. will not put other nations behind it in the quality of its Customs force. The pay is nearly twice that of any other country of corresponding service. I hope you will give your personal attention to this and secure young men of the very highest moral as well as intellectual qualities. They will be brought into immediate contrast and competition with young men who are graduates of Cambridge and Oxford and who were selected for the British Service after the severest competitive examination.

I have the honor to be, Sir,

Your obt. Servant,

ANSON BURLINGAME.

HON. WILLIAM H. SEWARD,
Secretary of State.

A.

INSPECTOR GENERAL'S OFFICE,
PEKING, 25 *June* 1864.

MY DEAR MR. BURLINGAME,

In a service such as ours, cosmopolitan in nature, and transacting business with people of so many different countries, it would be but natural to expect that numerically the United States would be strongly represented. Unfortunately I have found it quite impossible to recruit in China for our offices. We have no difficulty in procuring seafaring men and others fit to perform the work of outdoor departments and accordingly amongst the tidewaiters whose pay ranges from £240-£600 a year a great many Americans are to be found. Of the dozen Commissioners who preside at the ports, three are American, three are French, one Russian and five are English. We have not one American who can interpret or who can be said to have any knowledge of Chinese, and the few that we have in the offices as clerks are very far indeed from being a superior class of men.

I should therefore consider it a very great favor if you could get for me from America three young gentlemen, above eighteen and under twenty-two years of age who have received a collegiate education. I should like men of at least fair average abilities, of good standing in society, and of industrious habits. Two hundred pounds sterling (about \$900 Mex) would be paid to each on his arrival in China, to reimburse him for expenses incurred on his passage out. For the first two years they would be located at Peking to study Chinese where they would be provided with rooms and receive pay at the rate of £400 (about \$1800) a year. At the expiration of the 2nd year the pay of each would be raised to £600 (about \$2700) from which it would gradually as vacancies occurred in the Service, and as opportunities for promotion allowed rise to £800, £1000 and £1200. In the course of time they might expect to become Commissioners whose pay is at the rate of £1200, £1400 and £2000 a year. An industrious, hard working and able man might fairly expect to be a Commissioner in eight or ten years. After five years service, a years leave is granted on half pay. In the event of the Chinese Government desiring to dispense with any ones service he would be entitled to either three months notice or three months pay. After the 2nd year in Peking, the Inspector General would locate each gentleman at the port he might consider the most fitting.

If you can assist me in this matter you will confer a favor on myself and the Custom Service.

With much respect,
Very truly yours,

ROBERT HART.

THE HON. ANSON BURLINGAME,
etc., etc., etc.

Private letter from Anson Burlingame to the Secretary of State.*

PEKING, *July 5th* 1864.

MY DEAR MR. SEWARD,

I beg to call your attention to my despatch No. 88 and the letter enclosed therewith from Mr. Hart.

Would it not be well to select the young men from the graduating classes of Union (your own) Yale and Harvard?

I am getting as many young Americans into the Chinese Civil Service as I can. I could put seven or eight in now if I could find those qualified, but I do not know of but one or two outside of the missionary circle who can speak Chinese. I have a patriotic desire that the three young men you may select, may be of the highest type in every respect. They will have many advantages coming first to Peking. I confide this matter entirely to you and shall not write to any one else. Do give us safe, wise and *genial* young men. I would write more but fear to trespass upon your time. May I ask you to look over my letter to Consul Genl. Seward which is an enclosure of despatch No. 83—from that you will get a better idea of the nature of the service in China than from anything else I could write. I thank you from my heart for your more than official kindness to me.

Very sincerely,
Yours truly,

ANSON BURLINGAME.

HON. WM. H. SEWARD,
Secy. of State.

* Records of the U.S. Department of State. Despatches, China, vol. xxi.

Cosmopolitan nature of Customs Staff.*

No. 10.

LEGATION OF THE UNITED STATES,

PEKING, *Oct. 14, 1865.*

SIR,

I have the honor to acknowledge your letters of introduction, addressed to Mr. Burlingame, date January 17th and brought by Messrs. E. C. Taintor and F. E. Woodruff; also a circular concerning the sentence and punishment of the conspirators and Dispatch No. 145.

The young gentlemen reached Peking in August, and were received by Mr. Hart, Inspector-general of Customs; they will remain a year in the city pursuing their studies. Last year, Mr. Hart furnished Mr. Burlingame with a general account of the Chinese revenue service and the establishment of the Foreign Inspectorate in 1860, a copy of which I believe was sent you. He is endeavouring gradually to make the Service so cosmopolitan that the treaty powers will all feel that they are represented in its members. At first, it was not possible to do this in consequence of the want of suitable men. Of the 71 employes above the rank of tidewaiters and examiners, there are 46 Englishmen, 9 Americans, 9 Frenchmen, 5 Germans, 1 Dane and 1 Swiss, distributed at 14 ports. Last year, 9 persons (4 English, 3 Americans and 2 Germans) resigned, or died, or were dismissed; 7 new ones were employed, and next year 7 more are expected to arrive from France, Spain, Russia and England.

When the 15 open ports are supplied, about 90 Commissioners and Clerks will be employed, all of whom will ultimately be required to speak and read the Chinese language. The arrangement includes, besides the 15 Commissioners, 5 Chief clerks, and four classes of other clerks, numbering respectively 10, 15, 30 and 15 persons in each, all of whom have the prospect of promotion according to their character, qualifications and time of service.

None of the foreigners in the Customs are in any way connected with their own governments; and the Chinese authorities here and in the provinces are learning to look upon the present system with

* Records of the U.S. Department of State. Despatches, China, vol. xxii. Despatch No. 10, 14th October 1865: S. Wells Williams to the Secretary of State.

more and more interest, and to appreciate the advantage of utilizing western learning, integrity and skill in a service found to be too tempting for natives to carry on honestly.

I have the honor to be, Sir,

Your obedient Servant,

S. WELLS WILLIAMS.

HON. WILLIAM H. SEWARD,

Secretary of State.

Pilotage Regulations proposed by the Chinese Government.*

No. 138. Two Enclosures.

LEGATION OF THE UNITED STATES,

PEKING, *May 1st*, 1867.

SIR,

I am happy to send to you a body of Pilot Regulations (A) proposed by the Chinese Government and agreed to and notified to their countrymen, by the representatives of the treaty powers at Peking.

The old system was found not to work, from the inability of the Consuls at the ports to agree upon the same Regulations and from the jealousies growing out of the selection of pilots.

At Shanghai, the Prussian Consul utterly refused to co-operate with his colleagues. At Newchwang, the British Consul, Mr. Meadows, not wishing to act with the United States Consul, Mr. Knight, framed a body of pilot regulations for the English exclusively, which were approved by Sir Rutherford Alcock, the British Minister. By these no British ship could be brought into port by any but British pilots, while British pilots might bring in the ships of other nations.

* Records of the U.S. Department of State. Despatches, China, vol. xxiv. Despatch No. 138, 1st May 1867: Anson Burlingame to the Secretary of State.

I opposed these regulations as illegal and unjust.

This view was entertained by the French, Prussian and Russian representatives, as well as by Sir Edmund Hornby, the British Chief Justice at Shanghai.

Sir Rutherford finally suspended the regulations from operation. We thereupon entered into relations with the Chinese Government, with the view of adopting a uniform system, which might be supported by all.

Mr. Hart, Inspector General of Customs, had previously suggested that all matters relating to pilotage should be placed under the control of the Commissioner of Chinese Customs. This suggestion was, after much discussion, unanimously adopted; first as a matter of right to the Chinese and second as a matter of convenience to ourselves.

The result was the preparation and adoption of the fifteen regulations herewith sent. These were mainly drawn by Mr. Bellonet, French Chargé d'affaires.

I beg, in this, as in so many other cases, to express my satisfaction with the conduct of Mr. Hart.

I also send regulations (B) respecting Passengers Luggage, which have also been agreed to and notified.

Hoping for your approval,

I have the honor to be, Sir,

Your obt. Sevt.,

ANSON BURLINGAME.

HON. WILLIAM H. SEWARD,
Secy. of State.

Circular Letter of S. Wells Williams to U.S. Consuls in China.*

Dispatch No. 17: Enclosure F.

LEGATION OF THE UNITED STATES,
PEKING, 8th June, 1868.

SIR,

I herewith send you a copy, in English and Chinese, of the eight rules which have been agreed upon with the Chinese Government to be followed in adjudicating cases of confiscation, and for violating the revenue laws of China by American citizens. Four of them have been in operation at Shanghai since 1864, where they have been found to promote the satisfactory adjustment of such disputes, and no material alteration is made in them. Four others (Rules I, VI, VII, VIII) have been added,—relating to the official position of the foreign Commissioner of Customs; to the mode of procedure in settling cases of fines, and in disputes respecting duties leviable on goods; and the purchase of vessels or goods arrested by the Custom-house officers. These are now all made alike applicable to all the ports; and it is at present agreed that they shall be regarded as experimental, and be open to alteration at the end of one year, if good cause be shown for modification. I wish, therefore, that you would report to this Legation every case which comes under your cognizance connected with any of these Rules, in order to furnish such facts and well-considered opinions as can guide those who may be called on to alter them.

I hope, however, that they will be found to work well, and prove to be the commencement of a system of joint tribunals on other cases. To my mind they exhibit an encouraging advance on the part of the Chinese Government to assimilate their legal action to the rules adopted in western lands, and to acknowledge an equality of powers, interests, and aims between their own and other officials that has not hitherto been so distinctly marked. The results during a series of years can hardly fail to be instructive, and these rules may serve as a guide and precedent in adjusting disputes on other points, and suggest measures worthy to be adopted in other departments of extraterritorial jurisprudence.

Among the chief objects aimed at in drawing up these rules, four deserve to be specified. One is the acknowledgement in Rule I of the official standing of the foreign Commissioner of Customs,

* Records of the U.S. Department of State. Despatches, China, vol. xxiv. Enclosure F with Despatch No. 17 (2nd July 1868): S. Wells Williams to the United States Consuls, 8th June 1868.

who, heretofore, while exercising control in the detail of their administration, has been more or less ignored by the Consuls, because of this non-recognition, and this has sometimes led to untoward results and antagonism.

Growing out of this is the indication of the equality of the native and foreign authorities when brought together on the same tribunal. It has been arranged by requiring that cases of confiscation (the power of doing which has been by treaty yielded to the Chinese) shall be investigated and decided at the Custom-house; while cases of fining an American citizen for breaches of revenue laws shall be tried at the Consulate—in both cases the officers of both nationalities sitting together on the bench.

Another is the refusal to grant an appeal to Peking when these officers agree upon the sentence, inasmuch as they must generally be better acquainted with the details of a case than referees can be, and better fitted for settling it on the spot, if the facts are known and the law clear.

The fourth point is that of allowing the merchant to file a bond in the Consular Court for deposit in the Superintendent's hands, whereby he will be able to release his vessel or goods at once, and avoid the vexatious delays and inevitable losses which have hitherto been experienced in such cases as these rules cover. I have, however, to urge upon you the need of great carefulness in accepting these bonds, and see that the security be ample for their punctual fulfillment on the part of the merchant. In case of non-payment the remedy would be difficult, and the reproach to our national reputation not slight, seeing that the Consul is regarded as the principal warrantor of its adequacy and officializes it with his seal.

It is my impression that the feeling which was not uncommon ten years ago, when the foreign Inspectorate of Customs was established, that its personnel had lowered themselves by entering it, and that disputes relating to the execution of the Chinese revenue laws were not discreditable, has gradually given place to a juster view on the part of the community to the benefit to be derived from an equitable administration of these laws. These eight rules will, it is to be hoped, not only tend to remove this feeling entirely, but to elevate the whole character of the revenue department.

If the Chinese Government is ever to become able wisely to utilize the knowledge, integrity, and capacity of foreigners in carrying out reforms in its internal administration, their effective

usefulness must depend somewhat on their status among their own countrymen. I need hardly add, in conclusion, however, that I fully expect that you will, on your part, do whatever is right in carrying out these Rules in the most harmonious and equitable manner.

I am, Sir,

Respectfully,

Your obedient Consul,

S. WELLS WILLIAMS.

To _____

U.S. Consul.

**The beginnings of China's modern Navy: Gunboats ordered for the
Viceroy Li Hung-chang through the Inspector General.**

INSPECTORATE GENERAL OF CUSTOMS,

No. 81 Staff.

PEKING, 10th June 1875.

N.R.S. No. 283.

SIR,

I enclose a Memorandum for your guidance, and have to instruct you to give effect to what is therein set forth.

I also append copy of a telegram which I am now about to send you *via* Shanghai.

I am, etc.,

ROBERT HART,

Inspector General.

J. D. CAMPBELL, Esquire,

Non-Resident Secretary,

LONDON.

*Telegram from the Inspector General to the Non-Resident Secretary,
22nd June 1875.*

Despatches forwarded authorise you procure from Armstrong Company four steamers,* two carrying twenty-six, two carrying thirty-eight, ton guns. Money sent Bank. See Armstrong Company, request prepare draft contract, specifications, description, drawing designs, etc., ready to begin July thirty when despatches will arrive. Steamers although "Staunch" type must be good sea-boats and able to fight big guns in dirty weather. Will steamers be iron or wood or iron frame with wooden planks? Can we entrust work to respectable Armstrong Company or must we get another firm to write specifications, descriptions and superintend building? Of course big guns must pass Government. Have prices gone down or up since October estimates? What did we pay Armstrong for each naval muzzle forty pounder and for each breech twenty pounder in eighteen sixty-nine? If Company have not Forbes† accounts ask that year price for accessory carriage gun and ammunition separately.

* These steamers were the first instalment of what subsequently became known as the "alphabetical" cruisers, from the fact that during construction they were designated *Alpha*, *Beta*, *Gamma*, and *Delta* respectively. A second batch of four more was ordered, also from Messrs. Armstrong & Co., in 1879, and were similarly designated *Epsilon*, *Zeta*, *Eta*, and *Theta*. Along with two ironclads, built at Stettin, these ships formed the nucleus of China's modern Navy.

† Captain Charles Stewart Forbes, R.N., was born in 1829 and started his adventurous career as a midshipman in the *North Star* on the Australian station. During the Crimean War he was in command of a gunboat in the Baltic, and during and after the second China War (1858 to 1860) he commanded the *Algerine*, taking an active part in the suppression of pirates. Later, he joined Garibaldi in Sicily, and was the first to enter Naples, on which occasion he was mistaken for the General himself. He next explored Iceland and wrote a book, giving an account of his explorations. After active service at the River Plate in command of the *Curlew*, he took service under Captain Sherard Osborn for duty in the Anglo-Chinese flotilla. On the dissolution of that undertaking, he first became a blockade runner during the American Civil War, and then joined the hapless Emperor Maximilian in Mexico. Later, he went to the West Indies, where he narrowly escaped being buried alive. In 1865 he proceeded to Saigon with the intention of obtaining a telegraph concession from the French Government, after which he made an abortive attempt to negotiate a loan with Japan. On his return to England he became agent for both the Chinese and the Japanese Governments for the purchase of arms and gunboats. In July 1868 he accepted from Hart the post of Marine Commissioner, but resigned the post eighteen months later. He subsequently went to California and made an immense fortune there from mining enterprises. He died in London on 11th May 1876.

*Memorandum of Instruction to be given effect to by the
Non-Resident Secretary, Mr. Campbell.*

1.—The information obtained from time to time through Mr. Campbell has been carefully considered, and it has been decided as a commencement, to procure four gunboats carrying heavy guns, from the firm of Sir Wm. Armstrong & Co.

2.—The figures given by Sir Wm. Armstrong & Co. in October last were as follows:—

1. Gunboat of the *Staunch* type to carry one 26½-ton rifled gun (calibre, 11 inches; projectile, 536 lbs.) and to have a speed of 9 knots per hour (equal to 10¾ miles). Displacement about 330 tons; draught, 7 feet 6 inches. Price with armament complete, including hydraulic mechanism for working gun, powder, and 100 rounds assorted ammunition, and all requisites to enable the vessel at once to take the sea, £23,000. Time of completion for one vessel five months, and for a second, three weeks more.
2. A similar vessel to carry a 38-ton gun (calibre, 12 inches; projectile, 800 lbs.). Displacement about 440 tons; draught, 8 feet; speed, 9 knots. Price similarly complete, £33,400. Time required for completion of one vessel nine months, and of a second, one month more.

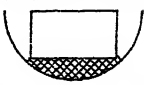
3.—Of the four gunboats now required, two are to be of the smaller size and two of the larger—the smaller carrying each one 26½-ton rifled gun, and the larger carrying each one 38-ton rifled gun.


4.—The order is to be intrusted to Sir Wm. Armstrong & Co. The standing of that firm in respect of reputation for character and ability, and the fact that if these gunboats give satisfaction more will be ordered, are sufficient reasons for feeling assured that, even were no contracts made, vessels and armament as supplied by them will be of the very best description, and for their class, leaving nothing more to be desired: moreover, as regards contracts, it is impossible to draw up minute specifications at Peking, and it therefore becomes necessary either to employ professional advisors as middlemen or trust to the firm itself to give good value in ships and guns. It is thought that the latter will be the better course to follow—but with this modification: Sir Wm. Armstrong & Co. are to draw out the contracts for each class of vessel, with full specifications accompanied by plans and drawings of ship, armament, hydraulic mechanism,

etc., etc., etc.—they are to do this just as if they wanted some other firm to tender to build for them according to their plans and specifications, and they are to sign the contracts that cover these plans and specifications just as though the contracts, etc., had been drawn up by Mr. Campbell and agreed to by themselves after tendering for the work. Apart from the many details the specifications are to set forth, the contracts are to bind the builders:

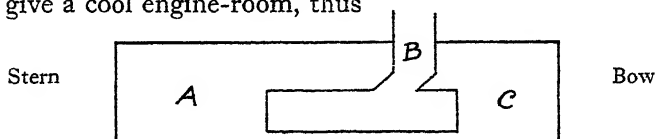
1. To finish the vessels within the times stated, *i.e.*, the two small ones in six, and the two large ones in ten months;
2. To supply vessels that shall be good sea-boats in all weathers, each able to fight its gun in any weather that does not make the safety of the vessel the first consideration;
3. To supply vessels of such a type as shall on the one hand make them most formidable to, and on the other least likely to be hit or damaged by an enemy;
4. To supply engines and boilers that shall give a high rate of speed with the smallest consumption of fuel, and which occupying the least possible space shall leave abundant room for coal-bunkers;
5. To place engines and boilers beneath the water-line for security against an enemy's guns;
6. To supply engines, etc., of a somewhat more powerful kind than the size of the vessel would seem to require, so as to enable the vessels to make passages against the monsoon if necessary;
7. To place the boilers in such a way as to leave the bottom of the vessel accessible for examination and repairs.

[*N.B.*—The *Feihoo* (*Conchita*) was fitted six years ago with one boiler placed on a cemented platform resting on the vessel's bottom. The cement wore off, bilge-water got in, the boiler plates gave way and the framework of the vessel was damaged; in fact the position of the boiler made it impossible to examine or repair. We have had the deck opened and the boiler lifted out, and find so much damage done that we wonder how the vessel escaped accident so long. We are replacing the one flat-bottomed boiler by two cylindrical boilers, so that the vessel's bottom

instead of being covered and made inaccessible by a flat boiler, thus  can now be reached

at pleasure, the two cylindrical boilers being placed thus  It is also to be added that the

two boilers seem preferable to one inasmuch as one can be cleaned while the other is used, and if an accident to one happens, the other can be depended on to reach port. But can such cylindrical boilers be sufficiently large and yet not project above water-line? Again, furnaces fed from a forward stokehold give a cool engine-room, thus



A. Engine Room.

B. Funnel.

C. Stokehold.

8. To supply guns of the required calibre and which have passed the Woolwich test, or whatever other test the British Government would subject such guns to, before issuing them for service;
9. To supply perfect mechanism for working the guns;
10. To protect the immediate vicinity of the gun by some kind of iron plating. (It is perfectly well understood that these vessels are not armoured, but *for Chinese eyes* some sort of plating is wanted—enough for instance to protect the gunner from rifle fire);
11. To provide steering apparatus to steer forward in front of the funnel, with tiller for use in event of accident to apparatus;
12. To provide the necessary boats of the best, most buoyant, and speediest type, and also a steam launch for each vessel.

5.—Further the contracts or specifications are to give full details on the following points:

1. Vessel's length, breadth, depth, and draught; number of masts; number of boats; number of anchors; length of cables (cables ought to be $1\frac{1}{2}$ inch).

2. Nature of engine; number of boilers; speed per hour in miles; consumption of fuel per 24 hours; coal-bunker storage; whether twin-screw or single, and horse-power. (Twin-screws have many advantages: it is only when motion becomes a question of sailing that a single screw is preferable.)
3. Length, weight, calibre, rifling, projectile, and range of each large gun, with the particulars of the hydraulic mechanism by which it is worked, and extent and thickness of plating near it.

6.—Again, the contracts and specifications are to be accompanied by such drawings and plans as are required by those who tender to build, when designs are novel or original.

7.—Lastly, contracts, specifications, and drawings must be made in *quintuplicate*: one set for the builders, another for Mr. Campbell, and the remainder (three sets) for Peking (where the contracts and specifications will be translated into Chinese and the drawings exhibited for the information of the authorities).

8.—The main points to be kept in view by the builders are

1. That the vessels are not merely for harbour use, but must be designed and built for sea work. (*Feihoo* and *Lingfeng* are excellent sea-boats);
Feihoo or *Conchita*. Length, 130 $\frac{3}{10}$; breadth, 24 $\frac{2}{10}$; depth, 9 $\frac{7}{10}$; tonnage, 181.74 59 $\frac{29}{100}$; pro. power, 122.45 59 $\frac{29}{100}$; engines, 4; combined horse-power, 80.
2. That they are to combine the greatest obtainable offensive power with the greatest possible invulnerability;
3. That they are to go fast on a small consumption of fuel;
4. That the guns are to be of the very best make and must pass the Government test;
5. That the placing of the guns and the fitting of the hydraulic mechanism must be perfect;
6. That future orders depend on the amount of satisfaction these vessels give.

9.—According to the October estimate four steamers will cost (2 at £23,000 each plus 2 at £33,400 each) £112,800. If prices have gone down less will have to be paid, and if they have gone up, more. The contracts are to be drawn up and signed without delay,

and the Oriental Bank Corporation is authorised by the letter that accompanies this Memorandum to pay one third the contract price when the contracts are signed, one third during the progress of the work, and the remaining third when the vessels are delivered to Mr. Campbell ready to start for China *via* Suez Canal.

10.—Additional instructions will be sent to Mr. Campbell in a few weeks respecting flag, crews, voyage to China, etc., etc., etc. What is said in this will suffice to authorise the work to be put at once into the hands of Sir Wm. Armstrong & Co. The two smaller vessels are to come out in company, leaving England, say, in March, and the two larger ones in company leaving, say, in June. The contracts, specifications, and drawings for Peking (three sets) will be expected here in September.

11.—Appended to this Memorandum are translations of (1) the Viceroy Li's despatch to the I.G., and (2) the Memorandum of heads of agreement between the Viceroy and I.G. It was originally the I.G.'s intention to send one of his staff to England to act with Mr. Campbell in this matter, but the idea has been abandoned. The papers appended will show Mr. Campbell that the Viceroy and I.G. looked to him chiefly to procure the vessels now authorised.

12.—To avoid untimely and unnecessary criticism it will be better that neither Mr. Campbell, bankers, nor builders should say anything about the destination of these vessels. Leave it to the public to find out what it can or what it likes when they sail. In signing the contracts, etc., Mr. Campbell will sign as agent for and on behalf of the Chinese Imperial Government.

ROBERT HART,

Inspector General.

Li Hung Chang, Imperial Commissioner for Trade, Governor General of Chihli, etc., etc., hereby issues an authority to R. Hart, Esquire, Inspector General of Customs.

1.—The records show, that the Imperial Commissioner having been informed by the Tsungli Yamên (Foreign Board) that the Inspector General had been ordered to Tientsin to consult personally

with the Imperial Commissioner concerning the purchase, etc., of war vessels and material, has decided in the first instance to procure four steamers, viz., two to carry 38-ton guns, and two to carry 26½-ton guns; the prices, etc., to be in accordance with the estimate forwarded by Mr. Commissioner Campbell, of which a translation was submitted by the Inspector General; and also that it was agreed in consultation with the Inspector General, that a sum of *Tls.* 450,000 shall be provided to cover the purchase of these vessels with their armaments; the cost of remittances; the expenses of salaries and maintenance of Officers, Engineers, Gunners, and crew, for the three months occupied in bringing the vessels to China; the outlay for coal, insurance, and return passages of crew, together with all expenses on the voyage out; and also that on the 26th April 1875, an agreement embodying these stipulations was drawn up in duplicate, one copy being retained for communication to the Tsungli Yamên, and the other deposited with the Inspector General; and further that the Imperial sanction has been accorded to the prayer of a memorial on this subject presented by the Tsungli Yamên; and that the Hoo Poo (Board of Revenue) has authorised the payment of the sum granted from the Foreign Revenue of the Shanghai, Hankow, Kiukiang, Ningpo, and Canton Customs.

2.—Provision having thus been made for the outlay incurred in purchasing these vessels, it is understood that the following particulars given in Sir Wm. Armstrong's estimate shall be adhered to:—

The bore of the 38-ton guns will be 12 inches; the weight of projectile, 800 lbs; the tonnage of the (larger) vessels about 440 tons; the draught of water, 8 feet; the speed per hour 27 *li* (9 knots).

The bore of the 26½-ton guns will be 11 inches; the weight of projectile, 536 lbs; the tonnage of the (smaller) vessels about 320 tons; the draught of water, 7 feet 6 inches; the speed per hour 27 *li* (9 knots).

The Inspector General will instruct Mr. Commissioner Campbell, at present resident in London, to draw up a contract with the said firm, the contract to embody and to agree in all important particulars with the agreement above referred to.

3.—Vessels and armaments are to be of the newest and most approved designs, combining the greatest offensive power with the least possible vulnerability.

When the contract drawn up between Mr. Commissioner Campbell and the said firm be received, the Inspector General will forward a translation of it to the Tsungli Yamên and Imperial Commissioner.

4.—The Inspector General will also report to the Tsungli Yamên and Imperial Commissioner, on the method of testing the heavy guns; on the selection of and time for appointing the Chinese crew; and two vessels in each case being sent out together, he will report their dates of departure, their progress during the voyage, and the probable time of their arrival at Tientsin; and finally, after vessels and armaments have been handed over, he will submit a full account of the expenditure incurred.

5.—The Imperial Commissioner is writing to the same effect to the Tsungli Yamên, and in issuing this authority, directs the Inspector General to acknowledge its receipt, and lose no time in carrying out its instructions.

A Special Authority.

Kwang Hsu 1st Year, 4th month, 12th day. (16th May 1875.)

True translation.

W. CARTWRIGHT,
Chief Secretary.

Memorandum.

1.—The employment of ships is a necessity for England, and the great strength of her Navy is well-known. There are, however, two distinct views on naval matters; it being contended on one side that no matter how strong the ships may be guns will be made to pierce them; while on the other side it is maintained, that it is possible to build ships that shall withstand the heaviest guns that can be made. From both points of view, it is the wisest policy to be provided both with powerful vessels and powerful guns, but as the cost of one modern ironclad would exceed *Tls.* 2,000,000 the cost of several would involve a larger expenditure than it might be expedient to incur at one time. In the first instance, therefore, in

carrying out the recommendations of artillerists, it will be well to proceed as rapidly as is consistent with economy, and then in time the proposals of shipbuilders can be taken up and carried out in due course.

2.—It being necessary for greater combative effect to have two vessels of each class; and it being at present doubtful whether 80-ton guns can be made; it is proposed at present, and in the first instance, to procure four vessels, viz., two vessels to carry 38-ton guns, and two vessels to carry 26½-ton guns. (With regard to vessels for carrying 80-ton guns, it will be well to wait for reports on the gun's liability to burst, before deciding to purchase.)

3.—These large guns are made by the eminent English engineer Sir Wm. Armstrong and, as he also has a shipbuilding yard, both guns and ships can be supplied by his firm.

4.—It is a rule of the firm that a third of the price agreed upon shall be paid over on the day the contract is signed; another third when the work is half finished; and the remaining third when all is finally completed.

5.—In the 10th month (October) of last year, the said firm stated that the cost of a vessel to carry 80-ton guns, with guns and 100 rounds of ammunition, would be £93,000, one vessel to be completed in 12 months; the cost of a vessel to carry 38-ton guns, with guns and 100 rounds of ammunition, would be £33,400, one vessel to be completed in nine, two in ten months; the cost of a vessel to carry 26½-ton guns, with guns and 100 rounds of ammunition, would be £23,000, one vessel to be completed in five, and two in six months. But as the cost of guns and vessels varies from time to time, and the sixth month (July) will be reached before a contract can be signed, it is impossible to say whether the price will then be greater or less than was estimated last year. It is proposed, however, to take that estimate as a basis for calculation and, if after the signing of the contract more money be required, the deficit can be correctly ascertained and made good. It will be observed that the amounts in the estimate are stated in English money. Now the cost of remitting money from China to England varies from time to time; sometimes a Pound being equivalent to *Tls.* 3.2 and sometimes to *Tls.* 3.3. In order to obtain all possible contingencies arising from exchange, the Pound will be taken as the equivalent of, say, *Tls.* 3.333, and at this rate the cost of the four vessels with their armaments as above being £112,800 would be equivalent in Chinese currency to, say, *Tls.* 375,960.

6.—In addition to the first cost, the expense of bringing the vessels out to China is estimated as follows:—

	Salaries per Month.
(a) Commanders (4)	<i>Tls.</i> 200 = <i>Tls.</i> 800
Chief Officers (4)	„ 100 = „ 400
Second Officers (4)	„ 50 = „ 200
Chief Engineers (4)	„ 150 = „ 600
Engineers (4)	„ 100 = „ 400
Assistant Engineers (4)	„ 50 = „ 200
Gunners (8)	„ 50 = „ 400
Sailors (80)	„ 15 = „ 1,200
Victualling allowance for 112 men at <i>Tls.</i> 15 each per month	„ 1,680
Total expenditure as above per 1 month .	<i>Tls.</i> 5,880
„ „ „ „ 3 months	„ 17,640
(b) The expenditure for coal for 4 vessels for 60 days steaming at 40 tons per day, or 2,400 tons at <i>Tls.</i> 8 per ton, will be . .	<i>Tls.</i> 19,200
(c) The insurance of the 4 vessels for <i>Tls.</i> 500,000 at $2\frac{1}{2}$ per cent will cost .	„ 12,500
(d) The Suez Canal dues for the 4 vessels will be about	„ 5,000
(e) The crew (80 men) will receive at the time of returning home 3 months' wages, which at <i>Tls.</i> 15 per month per man will amount to	„ 3,600
The total expenditure as above incurred in bringing the vessels from England to China (extraordinary expenses excepted) will amount to	<i>Tls.</i> 65,940

7.—In addition to the first cost and expenditure in the voyage out, it will be necessary to retain the services of the Commanders, Chief Officers, Second Officers, Engineers, etc., after the arrival of the vessels in China for purposes of instruction. Their salaries and allowances may be left for future consideration.

8.—In addition to the first cost (*Tls.* 375,960), and to the expenditure during the voyage (*Tls.* 65,940), in all, *Tls.* 441,900, a certain sum must be set aside to meet charges for pilotage, tonnage

dues, surveyors' fees, and sundry other items which cannot be determined beforehand, and also to cover any extraordinary outlay on the voyage. In all, *Tls.* 450,000 should be provided, and if not all used the balance can be returned.

9.—The purchase of these vessels being decided on, it will be necessary on the one hand to prepare the funds required, and on the other to enter into a contract with the said firm.

10.—As a third of the money must be paid over on the signing of the contract, *Tls.* 150,000 will be required at once. But as in the fourth and fifth months (May and June) Foreigners are buying tea, and the revenue receipts are consequently large, while the exchange is also most favourable for remittances to Europe, it would seem well to take advantage of this, and remit the whole *Tls.* 450,000 to England. (The following quotas to be provided by the different Custom Houses can be charged to the 4/10th A/c. as follows: Shanghai Customs, *Tls.* 130,000; Hankow, Canton, Kiukiang, and Ningpo Customs each *Tls.* 80,000.)

11.—With regard to the contract to be signed with the said firm in England, there must be someone who understands the circumstances in order to determine what particulars should be inserted. The firm of Sir Wm. Armstrong, however, is an eminently respectable one; and if a general letter of instructions were given them, in place of entering into a contract, in detail, a care for their own reputation, and the hope of receiving future orders, would insure their providing vessels and guns of the very best workmanship. When all preliminaries are arranged, the Inspector General will send an officer to England to co-operate with Mr. Campbell in making arrangements with the said firm. He will be instructed to see that the following particulars are clearly stated in the contract:—

- (a) The speed, draught, and tonnage: in all of which respects the vessels provided must be sea-going.
- (b) The horse-power shall be proportionately greater than the tonnage, in order that a good rate of speed may be maintained against the monsoon.
- (c) The guns shall be of the newest patterns, having so many inches bore, and so many miles range.
- (d) Vessels and guns shall correspond; the guns shall be properly mounted and provided with implements, fittings, etc., and although the vessels will not be

ironclad, the parts near the batteries shall be specially strengthened with iron plates, for the protection of the gunners.

- (e) The vessels shall be delivered over in all respects ready to proceed immediately to sea. The coal bunkers shall be proportionately large; and the vessels shall be fitted with the new inventions for economising the consumption of fuel (? compound engines).
- (f) Before taking delivery, the guns shall be tested in accordance with the British Government Rules, and Mr. Commissioner Campbell will report in detail on the method employed.
- (g) It shall be left to the said firm to determine whether the vessels shall be fitted with single or double screw engines; the main object being to combine the greatest offensive power with the least liability to attack.
- (h) As there is no necessity for all the vessels coming out together, when two vessels are finished they shall be sent immediately to the port of Tientsin.

12.—Mr. Commissioner Campbell shall forward a copy of the contract, etc., to China for reference.

13.—Mr. Commissioner Campbell will consult the builders as to the men required for bringing the vessels out to China, and for service as instructors after their arrival; and, as outsiders would not be likely to understand the working of the ships, the men engaged as instructors should be employees of the firm.

14.—With regard to the flying of the Chinese flag on the vessels being handed over in England, the Inspector General will take the instructions of the Tsungli Yamên, after the receipt of information on the point from Mr. Campbell.

15.—It is proposed that the Inspector General shall direct the Commissioners of Customs in Kwangtung and Fukien to engage 80 Chinese sailors from those provinces, to be sent as required to England to bring the vessels out. They will get practice and experience during the voyage, and, as English sailors will not in this case be required, and consequently the estimate for their return passages and pay will be saved, this money can be appropriated to defray expenses, etc., of sending the Chinese to England.

16.—If after definite information be received from England, it be decided to procure a vessel to carry an 80-ton gun, the cost of which as stated in the estimate would be £93,000 or in taels at £1 = *Tls.* 3.333, *Tls.* 310,000; and taking the estimates for expenditure on the voyage out for Commanders, Chief Officers, Second Officers, Engineers, Gunners, sailors, coal, insurance, and sundries, at *Tls.* 40,000, as in the case of smaller vessels, the sum required for purchase, etc., would be *Tls.* 350,000; and it is further proposed that commencing with the seventh month (August) of the present year, the Shanghai, Hankow, Ningpo, Canton, Amoy, and Swatow Customs, shall each contribute *Tls.* 10,000 a month for six months (Amoy paying for five months only). At the expiration of six months the *Tls.* 350,000 will in this way be all in hand. The Inspector General will submit this further proposal verbally to the Tsungli Yamên.

True translation.

W. CARTWRIGHT,

Chinese Secretary.

INSPECTORATE GENERAL OF CUSTOMS,

PEKING, 26th January 1876.

No. 121 Staff
N.R.S. No. 377

SIR,

1.—In continuation of my despatch No. 81 of the 10th June 1875:

Concerning steamers to be built by Sir William Armstrong & Co.:

I have now to request you to report on the feasibility of arrangements in the direction indicated below for their passage out, delivery, and working in China.

2.—The steamers are to come out in pairs, the smaller ones first, and the larger later. All are to come by the Suez Canal, and are to call at every port by the way for fuel. On arrival at Hongkong the Customs' Agent there will name the port to which they are to proceed and the officials they are to be delivered to. Arrangements have to be made (1) to engage the necessary crews, and (2) to lay funds at ports of call.

3.—As regards the crews to be engaged, it is possible that I may send home Chinese sailors and firemen, in which case you would still have to find Captains, Mates, Engineers, and Quartermasters. If I do not send Chinese, you will have no difficulty, I presume, in engaging full crews.* In either case, however, you will have to provide Officers and Engineers, and accordingly you may, when necessary, proceed with that part of the work: you are authorised to fix such rates of remuneration as you may find required, with the understanding that, on the arrival of the vessels and their delivery to the officials designated by the Customs' Agent at Hongkong, the Officers, Engineers, and men are to be provided with passages back to England and pay during the time allowed for the return passage, say, two months. Further, a reward of one month's pay will be issued to all hands, and special gratuities to Captains and Chief Engineers if the vessels arrive in good order: and in this connexion you must impress on them that what is wanted is not to make a quick passage, but to deliver the vessels in good condition—at the same time, there must be no unnecessary delay *en route* and the voyage out from England to Hongkong ought not to occupy more than three months. Two other orders are to be given to the Captains: they are neither to try the guns in any way, nor are they to invite or allow any inspection of the vessels by anyone anywhere. In the event of my not sending you Chinese crews, you can engage the necessary seamen and firemen yourself.

4.—As regards funds to be laid down at ports of call, and premising that, while all economy is to be observed and practised, it is impossible for me to say in advance how much money will be required for fuel, stores, port fees, pilotages, and contingencies at each place. I suppose the best plan will be to arrange with the Oriental Bank Corporation to issue letters of credit to be handed to the Captains. Having caused inquiry to be made at Shanghai, I am told that coal can be purchased at every stopping place, but of course it is nowhere very cheap.

5.—Yet another point remains to be attended to. The Chinese authorities wish to engage some competent persons to remain by these vessels and instruct Chinese in their use generally. There will

* These gunboats were taken out to China under the English flag, and were manned by British officers and crews. Before leaving Great Britain they were inspected and passed by experts from the British Admiralty. The Captains of the *Alpha* and the *Beta* were Messrs. Laprimandaye and Blair Hamilton, both of them retired Commanders R.N., while the Captains of the *Gamma* and the *Delta* were Messrs. Lang and Lawrence Ching, both of them on the active list of the British Navy. The former two vessels left Newcastle-on-Tyne on 19th June 1876 and arrived at Tientsun on 20th November, while the latter two left Plymouth on 1st March 1877 and were handed over to the Chinese Authorities at Foochow on 25th June.

thus be wanted a first-class Gunner and a competent and intelligent Mechanic for each vessel, and a competent Naval Officer, *i.e.*, one skilled in gunnery, seamanship, and naval discipline, and an Engineer for each pair of vessels. With these instructions, etc., three sets of agreements ought to be sent out for final ratification by myself, one set for a one year's term, a second for two years, and the third for three years. I cannot say which term will be decided on, but you must send out men willing to accept whichever agreement the Chinese authorities may wish me to ratify. These instructors are wanted to show the Chinese how the vessels are to find distances; how they are to act together; how the big guns are to be worked; how the hydraulic machinery acts; and how the engines work: they are also to keep engines, hydraulic machinery, and gun in working order, and execute or superintend any repairs that may be required. You must consult with Sir Wm. Armstrong & Co. on all these points, and either get properly qualified men through them, or get them to give a course of instruction to the men you may yourself select elsewhere. Moreover, the Officers, Engineers, Gunners, and Mechanics who are thus to remain by the vessels as instructors, may be employed in the first instance as part of the crews that are to bring the vessels out.

6.—You will look into all these points at once, and report to me what you decide on doing. To prevent delay, it will be well for you to answer the following queries by telegraph:

- First:* Can you procure the necessary Officers, Engineers, and crews to bring the vessels out?
- Second:* Can you make the necessary arrangements for laying down funds, etc., at ports of call?
- Third:* Can you procure the instructors required to stay by the vessels?
- Fourth:* Do you want me to write to the O.B.C. authorising issue of funds in any way?
- Fifth:* About what date at the latest will the smaller vessels be ready to leave England?
- Sixth:* About what date at the latest will the larger vessels be ready to leave England?
- Seventh:* If necessary, can you send the vessels out with English papers and under English flag?
- Eighth:* To entitle the vessels to hoist the Chinese flag and come out as Chinese gunboats, what formalities are necessary?

7.—In a future despatch I shall address you on the subject of the flag to be hoisted by these vessels.

I am, etc.,

ROBERT HART,
Inspector General.

J. D. CAMPBELL, Esquire,
Non-Resident Secretary,
LONDON.

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, 16th August 1878.

No. 257 Staff
N.R.S. No. 746

SIR,

Telegrams sent to you during the past week have informed you that

1. The Viceroy Li wishes to obtain four more vessels of the *Gamma* type;
2. The money to pay for same at the price mentioned in your telegram to me, £32,500 each, or £130,000 in all, is being placed to the credit of the Inspector General in the Oriental Bank Corporation, Shanghai; and
3. A sum which is calculated to cover the one third of the price which it is necessary to pay on the signing of the contracts has been remitted to the O.B.C. in London, with instructions to permit you to draw in Armstrong & Co.'s favour against the I.G.'s A/c. D for such sums as are payable under the contract—which you were also authorised to sign—on your presenting the same for the Bank's inspection.

I have sent these instructions by telegram at the wish of the Viceroy, simply saying “that official instructions have been received,” as I am to a certain extent taking it for granted that in the action which you take in this matter, you will probably consult the Inspector

General in Europe, and in any case will be guided as far as possible by the instructions already issued by him in his despatches Nos. 81 and 121 regarding the ordering of the other four gunboats, which instructions are to be held as applying as closely as possible *mutatis mutandis* to these vessels.

I have placed in one of my telegrams the words "all most recent improvements to be stipulated for." This I have done because the Viceroy says, "whatever recent or important improvements there are (in this class of vessels) are to be recorded clearly and distinctly in the contracts, and the articles containing them are to be translated and forwarded for my information." I have, therefore, to ask you to forward copies of the contracts—marking whatever in them is new or different from those formerly made.

I have also to instruct you to have estimates prepared and sent out of the probable cost of bringing these vessels to China (1) by contract, and (2) in charge of naval officers, as was done on previous occasions: as also estimates for 500 rounds of extra ammunition.

The Viceroy wishes the vessels delivered as soon as possible, but I believe is in no special hurry. I said in one telegram that they should be ready in spring, but now I am informed the early autumn would probably be time enough.

When further funds are remitted I shall let you know. I shall, if possible, have the second instalment sent before the end of the year.

I am, etc.,

R. E. BREDON,

Chief Secretary for the Inspector General.

J. D. CAMPBELL, Esquire,
Non-Resident Secretary,
LONDON.

**Commissions on Chinese Government orders for materials
not to be accepted by Customs.**

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, *9th August 1879.*

No. 307 Staff
N.R.S. No. 875

SIR,

1.—I now write to acknowledge, and in reply to, your despatches Nos. 322 and 323 of the 26th October and the 2nd November 1877, and No. 490 of the 13th March 1879:

Concerning commission moneys.*

2.—While prepared to allow that any advantages the Chinese Government may derive from your discussions with Sir Wm. Armstrong & Co. in the shape of generally reduced prices could not have been secured had not you broached the subject of commission, as reported to me in your semi-official letters of 1875 and in the despatches now replied to of 1877, I must renew officially the expression of opinion already sent you privately or semi-officially, that your application for, and receipt of, commission moneys with even the best intentions was a hazardous step to take without my authority, and was one which might have involved you in difficulties and created misunderstandings had not time and circumstances combined to afford you full opportunity for explaining your proceedings and confirming your expressed intentions. With this one hint of the possibility of an opinion adverse to your action and of a censure on that action, I dismiss the subject, adding however, that, the initial step once taken, I have only to approve of the various successive steps you afterwards took as reported.

3.—As regards the future I have to instruct you to follow the course you now pursue: you are to let it be understood always that you are a Government Agent and that no commissions are to be

* When making enquiries, on the Inspector General's instructions, from ship-builders and armament makers, regarding the prices of vessels and munitions, Mr. J. D. Campbell was informed that it was customary to allow merchants, or agents, out of the manufacturer's profits on a transaction a discount, as a consideration for the trouble and expense they may have incurred as agents, but that such discount would not be allowed in a direct transaction with any Government. Some manufacturers offered to add a certain percentage to their quoted prices, such percentage to represent the commission payable to the agent or go-between. Mr. Campbell naturally declined to have anything to do with any arrangement of the latter sort, but thought it would be justifiable to accept an agreed percentage out of the manufacturer's profits and to employ such moneys strictly for official purposes in the maintenance of the London Office. In taking this action he maintained that he was securing for the Chinese Government the advantage of the lowest possible prices for the goods purchased. As the despatch shows, the Inspector General did not endorse this action.

demanding by or paid to anyone on any order passing through your hands; and that the Government expects the better treatment and benefits resulting from such an understanding; you are to treat only for *net* prices, excluding all discounts, commissions, and allowances whatsoever.

4.—As regards the commission moneys received by you from Sir Wm. Armstrong & Co., viz., at $2\frac{1}{2}$ per cent on the cost of the A, B, G, and D,* £120,527 2s., the sum of £3,013 3s. 6d., and at 5 per cent on the cost of extra ammunition, £27,037 1s. 8d., the sum of £1,351 17s. or, in all, a sum of £4,365 0s. 6d.,—I feel bound to consider this amount as composed of moneys surrendered by Sir Wm. Armstrong, etc., from cost, and as being therefore the property of the Chinese Government. I have to-day reported the transaction to Li Chung T'ang, the Viceroy of Chihli, and have sent him a cheque for the full amount recovered £4,365 0s. 6d. equal at 5s. the tael to *Shanghai Tls.* 17,460, and I now enclose copy of the Memo. from which my despatch to His Excellency was composed, for your information.

I am, etc.,

ROBERT HART,
Inspector General.

J. D. CAMPBELL, Esquire,
Non-Resident Secretary,
LONDON.

(Copy.)

L.O. 6102.
2nd October 1879.

Memorandum for despatch to Li Chung T'ang.

1.—In my despatch of the 5th month, 18th day I sent forward the A/c. of the A, B, G, D and their extra ammunition, showing that altogether *Hk.Tls.* 596,253.3 had been spent through the I.G., and that *Hk.Tls.* 11,253.3 still remained to be paid me by the Chung T'ang. In reply I was informed that the Shanghai T'ao had been directed to issue the balance due. As is on record.

* That is, the *Alpha*, *Beta*, *Gamma*, and *Delta* gunboats.

2.—Of the amount expended thus for the first gunboats, *Hk.Tls.* 596,253.3, after taking off the sums paid for (1) bringing the vessels to China, (2) sending the crews home, (3) paying instructors' allotments, and (4) freight on ammunition, the A/c. show that the actual cost of vessels and ammunition in England—the actual sums paid to Armstrong & Co. were vessels, £120,527 2s. and extra ammunition, £27,037 1s. 8d.

3.—When arranging final payments, Mr. Campbell asked Armstrong & Co. would they not have allowed him a commission had he come to them as any ordinary agent with a contract in his hand. They said they could still do so, but on his replying that neither he nor myself could touch such money and asking if they would not take off the amount they allowed from the price to be paid by China, the firm answered in the negative explaining that the prices they had charged were their prices for all the world, and the amounts they were prepared to pay as commission were but parts of a carefully calculated profit which they were willing to forego in favour of the person who had put the business in their hands. On Mr. Campbell's again showing that we could not pocket the commission, Armstrong & Co. again asserted that they could only give up some of their profit on condition that it would go, not to the purchaser, but to the intermediates. Finally the amounts were paid and lodged in the bank to await my instructions.

4.—The matter having come before me I have informed Mr. Campbell that I see no course open to us but to return the money thus obtained to Armstrong & Co., or pass it on to Li Chung T'ang; and I have instructed him to remember that in all such transactions he is to let people know beforehand that they are to pay no commission to us as agents but are instead to give China the benefit of their very lowest prices.

5.—For the first four gunboats, we paid Armstrong & Co. £120,527 2s., and on this amount they allowed a commission of £3,013 3s. 6d. or $2\frac{1}{2}$ per cent; for the extra ammunition, we paid £27,037 1s. 8d., and on this they allowed a commission of £1,351 17s. or 5 per cent; making in all a commission on the first four gunboats and extra ammunition amounting to £4,365 0s. 6d. equal at 5s. a tael to *Shanghai Tls.* 17,460.

6.—I now enclose Campbell's statement of the sums received, and also a cheque on the O.B.C., Shanghai, A/c. D., for *Tls.* 17,460, the amount of the commission, which the Chung T'ang can send on to the Shanghai Tao to be cashed. I ought, in conclusion,

to explain that Campbell's statement contains a further sum of £45 15s. 8d., but that this is commission on guns for *Feihoo* and *Lingfeng* and is returned to another account.

R. H.

9th August 1879.

True copy :

JAMES H. HART,

Officiating Chief Secretary.

**Levy of Tonnage Dues on Cargo-boats: China's Right to make
Rules and Regulations.***

No. 623. Two Enclosures.

LEGATION OF THE UNITED STATES,
PEKING, *March 16th*, 1880.

George F. Seward to the Secretary of State.

SUBJECT.

Levy of tonnage-dues on cargo-boats.

SYNOPSIS.

The Customs authorities at Foochow and Chefoo having notified a tonnage-due on cargo-boats which levy would be in contravention of treaty, the foreign Ministers have brought the matter before the Tsung-li Yamên—which has disclaimed responsibility.—Circular note to Consuls on the subject.

No. 623. Two Enclosures.

LEGATION OF THE UNITED STATES,
PEKING, *March 16th*, 1880.

SIR,

I have the honor to hand to you, herewith, a despatch (No. 135 1/623, of 27th ultimo) which I have received from Mr. De Lano, reporting that the Customs authorities at his port have notified by circular to the merchants there their intention to levy a tonnage-due, or in lieu thereof, at the merchant's option, a registration fee, upon boats used in the lighterage of cargo in process

* Records of the U.S. Department of State. Despatches, China, vol. liii. Despatch No. 623, 16th March 1880: George F. Seward to the Secretary of State.

of shipment or landing. My Colleague, Sir Thomas Wade, has received the same information from his Consul at Foochow and also from his Consul at Chefoo.

My Colleagues generally before whom the subject has been placed by Sir T. Wade and myself agree with us in the opinion that all such levies would be in contravention of the treaties. They agree with us also in the opinion that Customs regulations generally should be promulgated by the direction of the Central Government and in a formal manner. One, at least, goes so far as to declare that he cannot consider any rules binding upon his countrymen which have not been communicated to him by the Government and received his assent, while another declares that the practice of the Chinese in putting out at the ports rules affecting trade, regardless of a right construction of the treaties and with a view to hampering trade, is becoming inveterate and should be met by opposition at the ports and by claims for indemnity vigorously urged, in case they are put into operation notwithstanding such opposition.

My own view is that we cannot deny the right of the Chinese Government to make rules and regulations affecting all matters within their sovereignty, but that we may scrutinize all rules and regulations made or proposed by them which affect our nationals, and object to them if we find them in contravention of treaty stipulations, or suggest their withdrawal or modification if they appear burdensome and unnecessary.

Holding to this view I think also that we may without offence endeavor to lead the Chinese to communicate to us in advance all such rules and regulations, in order that we may examine them and state in advance of their publication whether we should be likely to complain of them as in contravention of our treaties.

The question of principle involved is an important one, and has occasioned a great deal of discussion and unpleasant feeling both in this Empire and in Japan. I cannot doubt, however, the correctness of my own view. I have acted upon it ever since my arrival in this Capital, and shall continue to do so unless instructed to the contrary by yourself.

In the present instance after much controversy it was agreed by the Diplomatic Body as a preliminary step to send an interpreter to the Foreign Office to inquire whether instructions sustaining the action of the Foochow and Chefoo Customs had received the approval of the Foreign Office and, if so, to ask about the occasion for the adoption of the system. The Chinese Secretary of the British Legation was deputed for the purpose, and has reported that the

Ministers appeared to know nothing of the matter but said that they would inquire into it, and communicate the result to the foreign Legations.

As all the rules pertaining to foreign intercourse are supposed to emanate from the Foreign Office you will see how loosely governmental affairs sometimes proceed in this country.

In view of the facts set forth above I am addressing a Circular letter to the several Consuls, a copy of which I enclose.

I have the honor to be, Sir,

Your obedient Servant,

GEORGE F. SEWARD.

HONORABLE WILLIAM M. EVARTS,

Secretary of State.

ENCLOSURES.

1. Mr. De Lano to Mr. Seward, No. 153, February 27th, 1880.
2. Mr. Seward to Consuls, *Circular*, March 20th, 1880.

Record of Proceedings. Chinese Commission: International Fisheries Exhibition, London, 1883.*

1.—Arrangements were made with Messrs. Holland & Sons to commence work at the Chinese Court immediately upon the arrival of Mr. Newman with Mr. Tindall and the two Chinese carpenters. This firm was selected as the one most likely to give satisfaction—being contractors of long standing to Her Majesty's Board of Works and having been frequently employed by the Inspectorate General and the Chinese Legation.

2.—A general idea as to the style of the Court had been previously fixed upon; and, in the course of its elaboration, the Chinese carpenter, Teh-ah-kew showed such skill, taste, and intelligence that he was kept entirely employed on the decoration of

* This Report is inserted here as illustrating a prominent feature of Customs activities during the last 40 years of last century, namely, the getting together and arranging at no fewer than 27 international exhibitions the collections illustrating China's arts, industries, and trade. From the Paris Exposition of 1867 to that held at Liège in 1905 it was the Customs Service that planned and executed for China those displays of Chinese products which have helped the world to understand and appreciate something of the life and culture of the Chinese people.

the Court, leaving the other carpenter, Chen-ah-wu, to attend to the construction of the Pavilion and Bridge. Both men are worthy of praise for their attention to their duties and their conduct during the Exhibition, but Teh-ah-kew deserves special mention for his industry and zeal.

3.—When sufficient progress had been made to form a judgment of the general effect of the proposed decorations, the Marquess Tsêng was invited to visit the Court; and His Excellency was pleased not only to give advice upon the various points submitted to his criticism but also to contribute scrolls and characters, etc., of his own writing.

4.—The Prince of Wales, the Duke of Edinburgh, and the Duke of Connaught frequently visited the Court during its construction and evinced much interest in the work that was going on.

5.—When the opening day arrived the Chinese Section was the only one in the Exhibition that was completely ready, and special preparations had been made by the Chinese Commission to receive the Prince and Princess of Wales who were expected to pay an official visit to the Chinese Court; but the Chinese Court was out of the line of the Royal Procession and the arrangements for the State Ceremony did not admit of the Royal visit. Chen-ta-jen, the Chinese Chargé d'Affaires, in the absence of the Marquess Tsêng, was present with Mr. Fung Yee, in the Diplomatic Circle.

6.—The official visit of the Prince and Princess of Wales, who were accompanied by some of the Royal children and by the Duke of Edinburgh, took place a few days later. Their Royal Highnesses remained in the Chinese Court for some time, examining the exhibits, making enquiries, and receiving explanations. The Prince of Wales expressed the gratification they felt, in the words: "It is a most interesting collection and beautifully arranged." Upon entering and leaving the Chinese Court, the Princess of Wales was graciously pleased to accept bouquets of the finest flowers that were presented to Her Royal Highness by Lady Hart and Mrs. Campbell.

7.—Conspicuous amongst the illustrious men of the time who visited the Chinese Court was the Prime Minister, the Right Honourable W. E. Gladstone. The principal exhibits were pointed out to him, and he seemed to be much struck with the chart showing the Lights on the coast of China.

8.—At the opening of the Exhibition, the Chinese was the only Court that possessed an official catalogue of its own. Nearly 3,500 copies have been sold and given away; and some special copies, bound in yellow calf and embossed with the Dragon, were

presented to their Royal Highnesses, the Prince of Wales, the Duke of Edinburgh, the Duke of Connaught, the Duke of Albany, the Princess Beatrice, and the Princess Mary, and also to the Right Honourable Earl Granville, the Right Honourable W. E. Gladstone, the Marquess of Hamilton, Sir Philip Cunliffe Owen, and Mr. E. Birkbeck, M.P.

9.—The Prince of Wales having expressed the wish that a Chinese Stall might be erected for the Royal Fête in celebration of the Silver Wedding of the Princess Royal, the Chinese Commission took the necessary steps to do honour to the occasion.

10.—The Marquess Tsêng and Sir Robert Hart were placed on the Council of Foreign and Colonial Commissioners to act on behalf of Her Majesty's Government in deciding the Jury awards; and the Chinese Commission assisted on two Juries, viz.: Pisciculture and Life-boats and Life-saving Apparatus.

11.—The Jury awards, in connexion with the Chinese Exhibit were as follows:—

To the Chinese Government: Imperial Maritime Customs

	Gold Medals.	Diplomas of Honour.
For Collective Exhibits of Nets . .	1	1
For Collective Exhibits of Fishing-boats, etc.	1	1
For System of Lights on Chinese Coast	1	1
For Collective Exhibit of Boats, etc.	1	1
For Collective Exhibits of Shells .	1	1
For Collective Exhibits of Fish ..	1	1
For Chinese Court and Collective Exhibit	1	1
For Natural History: Collective Exhibit .....	..	1
TOTAL	<u>7</u>	<u>8</u>

and, to the Chinese carpenter, Teh-ah-kew, for drawing, carving, and painting in the Chinese Court: one Silver Medal and one Diploma of Honour.

12.—At the close of the Exhibition the Prince of Wales intimated to the Chinese Commission, that he had much pleasure in accepting the Exhibit which the Chinese Government had so

generously placed at his disposal, and that, after selecting a few objects, as mementos for himself, he would present the general collection to the Kensington Museum, where he hoped it would form the nucleus of further interesting exhibits from the Chinese Empire. His Royal Highness, at the same time, instructed Sir Philip Cunliffe Owen not to remove anything from the Chinese Court until he had made his selection.

13.—In the meanwhile, the models were repaired and painted, the pictures, etc., cleaned, and the Exhibit re-labelled, so that the whole collection should be handed over in good condition. This work occupied Mr. Tindall and the two Chinese carpenters for nearly six weeks, whilst Mr. Newman remained on duty superintending the work and attending to outstanding matters connected with the Exhibition.

14.—The Prince of Wales, in accordance with his intention, personally visited the Chinese Court and selected all the Kiukiang garden-seats and flower-pots, all the flags, several lanterns, a few of the smaller junks, and some shells, nets, spears, etc. The porcelain screen, enclosing the office of the Chinese Commission was also selected, and, when informed that a new one was being specially made in China, His Royal Highness seemed much pleased and requested that it might be sent to Marlborough House as soon as it came. His Royal Highness also directed that one or two of the boats, exhibited on the ornamental water, should be sent to Sandringham, but that the pavilion and bridge as well as the tea house (or stall) should not be removed for the present, in the prospect that China would be again represented at the Health Exhibition. Before leaving, His Royal Highness expressed his grateful appreciation of what China had done in support of the Fisheries Exhibition, and his earnest hope that China would show her active sympathy in the forthcoming Health Exhibition, and he requested that a telegraphic message from himself to the above effect might be transmitted by the Chinese Commission to Sir Robert Hart.

(signed) JAMES H. HART.

J. D. CAMPBELL.

LONDON, 25th January 1884.

Note.—The Chinese carpenter, Chen-ah-wu returned to China on 11th December but Teh-ah-kew remains here on an engagement with the South Kensington Museum for six months.

J. H. H.

J. D. C.

Appointment of Sir Robert Hart as H.B.M. Minister at Peking.*
Interchange of Telegrams.

16th July 1885. For Rendel.† Consult Lord Granville. The Customs Service in the work it does and in the employment it gives is an important Chinese, British, and International interest, and as such deserves consideration. If I were leaving China my departure would not constitute a crisis: I could nominate next Inspector General, and the Customs Service would continue to exist and be conducted on the same lines; but leaving the Customs Service and yet remaining here as Minister, my departure does constitute a crisis. For obvious reasons I cannot nominate next Inspector General, and the Chinese Government now appears likely to take action respecting the vacancy calculated to produce disorder and ruin the Customs Service. Moreover, while the Tsungli Yamên would willingly accept me as Minister, and prefer me to another, I now learn the Empress would much rather retain me as Inspector General, and if I remain Inspector General, Customs Service interests seem safe. Naturally, Customs Service cannot last for ever, and British general interests in China will be the longer lived; but viewed from standpoint of to-day, query, whether is it more important that I remain Inspector General, or that I take the Legation? To myself, on the spot, the interests close at hand connected with and springing from the Customs Service appear to demand more strongly that I remain Inspector General; will the danger those interests encounter on my departure be exceeded by any danger to British interests from my not taking the Legation, or would Legation gain make up for Customs Service loss? Credentials will soon arrive and the change once made cannot be undone. Not having received any letter from Lord Granville, the Legation offer is still mysterious, and meaning can only be guessed; I, therefore, want advice. The honour the Government does me is great, and Lord Granville must have faced much expostulation when arranging to appoint me: I therefore do not feel free to act without permission; but the situation being what the preceding explanation suggests, I want an answer to this question: must I take the Legation at all hazard or

* *Antea*, vol. vi., pp. 542-545.

† Stuart Rendel, born the 2nd July 1834. Educated at Eton and Oriel College, Oxford where he graduated in 1856. Called to the Bar in 1861 but never practised. In 1870 joined the firm of Armstrong & Co., engineers, shipbuilders, and armament manufacturers. Became acquainted with J. D. Campbell through the building of the "alphabetical" gunboats, and revenue and other cruisers for China. In 1880 was elected M.P. for Montgomeryshire which he represented till 1894, when he was created a Baron on Gladstone's retirement. He died on the 4th June 1913. Rendel had much influence in British Government circles, and was always willing to use it on behalf of the Chinese Customs Service.

am I permitted to resign the appointment and remain Inspector General if unable to arrange for next Inspector General satisfactorily and in the interests of the Customs Service? The Tsungli Yamên will not invite me to stay, but its congratulations on Legation appointment are now sorrowful and reproachful: after serving Tsungli Yamên so long my position is difficult. I put aside my own double or alternative personal interest, and will do whatever other people and public interests most require. Appointment has been exceedingly well received everywhere, but now Chinese and Customs Service would like me to remain Inspector General. Do not think me unfair or capricious in asking if I may consider myself free to be guided by circumstances here at the eleventh hour. Remember I am altogether in the dark respecting the meaning of the Legation offer. Answer fully and quickly please, and through the Non-Resident Secretary. To have this permission is important but I shall not use it unless really necessary. I wish to do the best for England; at the same time I owe much to China. If forced to act on permission I shall communicate with the Foreign Office through the Legation. Unforeseen changes in matters here since April necessitate present action. Official and confidential.—HART.

16th July 1885. From Rendel. Have consulted Lord Granville. He had supposed appointment of Inspector General safe and already secured for your brother when he gazetted your appointment as Minister.* He is therefore on personal as well as public grounds disturbed by present difficulty; but he had no hesitation whatever to free your hands in the public interest, hoping however that by so doing he is adopting the best means for enabling you to retain your Mission and yet nominate next Inspector General. Lord Granville has seen Lord Salisbury and handed him at his request copy of your telegram, and subsequently given me in writing memo. for transmission to you as follows: Lord Granville has communicated your telegram to Lord Salisbury: they would regret your abandonment of the Mission, but both quite agree that you should have full discretion to do what is best for the public service.—CAMPBELL.

17th July 1885. For Rendel. Some likelihood my brother may be appointed Inspector General: a strong combination. But to secure this I must be free to choose between Legation and Customs Service.—HART.

* Sir Robert Hart's credentials as British Minister to Peking were signed by Lord Granville on the 2nd May 1885, but were not despatched till the 26th June. The appointment was gazetted on the 23rd June (*vide antea*, vol. vi, p. 542, footnote) and on the day following Lord Salisbury took over the seals of office from Lord Granville.

31st August 1885. For Sir Julian Pauncefote.* Leaving, Customs Service is in jeopardy, but remaining I can preserve it. Tsungli Yamên says—"We prefer you to another as Minister but would rather retain you as Inspector General; we authorise you decide for yourself." Situation makes Customs Service most anxious and outlook is bad for commercial interests, revenue administration, and for international relations; present Custom House is useful ally to and for Chinese internal progress in several directions. For certain harm of this kind which my departure now makes opening for, I see no corresponding and certain good except personal from Legation appointment. After full reflection I decide to remain Inspector General feeling I can be most useful to England and certainly to China. My personality means nothing to Legation but is everything to Customs. Taking Legation, circumstances weaken me; remaining Inspector General circumstances make me strong, and Foreign Office can count on my co-operation to further British interests. Diplomatic Service perhaps sore at appointment. If you want a really useful ally in me, please instruct new Minister specially to work cordially with me. It would also help if you would instruct Consular Service to support Customs Service and especially its British members, and abandon jealousy and opposition, which, certain to vanish under myself as Minister, may increase when I refuse Legation and remain Inspector General. I know many Legation Secretaries but none like present *Chargé O'Connor* for breadth of view or delicacy of touch or popularity at Tsungli Yamên. You could not be better here than with himself Minister and myself Inspector General. Excuse hint, if out of order. Imperial Decree frankly tells China Englishman Hart made peace with France and yesterday I was asked to nominate Inspector General for Corea; this shows I am strong and makes Chinese consider England their friend. Please communicate this telegram to Lord Salisbury and Lord Granville thanking both for exceptional honour and regretting unintentional trouble.—HART.

1st September 1885. For Rendel. Chinese Government want me for both general and special reasons. Extraordinary proof of confidence after Legation episode. Seeing clearly what harm every interest will incur if I now leave Customs, I respectfully decide to remain Inspector General. Trouble regretful but decision right.—HART.

* Sir Julian (afterwards Lord) Pauncefote was Permanent Under Secretary at the British Foreign Office from 1882 to 1889.

MEMORANDUM ON THE PEACE NEGOTIATIONS BETWEEN FRANCE AND CHINA, 1884-85.

BY

J. D. CAMPBELL, C.M.G., etc., etc.*

Mr. Campbell went to Paris on the 10th January 1885, and remained there, continually engaged on these Negotiations, until the 26th June following. There were preliminary conversations with M. Ferry and subsequent *pourparlers*, first, as to the Protocol, with M. Billot, Director of Political Affairs under M. Ferry, and secondly, as to the Treaty, with M. Cogordan, Sub-Director under M. de Freycinet. All these conversations and *pourparlers* were carried on by Mr. Campbell, under instructions from Sir Robert Hart, no one else being present on either side.

The Memorandum will bring out the following circumstances and facts:—

- 1°. Sir Robert Hart instructed Mr. Campbell to proceed to Paris officially, on a question of international interest, in relation to the maintenance of the Lights on the coast of China, for the safety of Shipping of all Nations.
- 2°. This mission having brought Mr. Campbell into direct communication with M. Jules Ferry, President of the Council of Ministers and Minister of Foreign Affairs, Sir Robert Hart instructed him, with His Excellency's assent, to refer to the general situation, which was then at a deadlock.
- 3°. The result was that His Excellency intimated his readiness to examine any new proposition emanating directly from the Tsungli Yamên, and received by him officially.
- 4°. Numerous telegrams passed between Sir Robert Hart and Mr. Campbell; and, after further conversations with M. Ferry, a proposal, emanating directly from the Tsungli Yamên and authorised by Imperial Edict, was made officially through Sir Robert Hart to M. Ferry, in the form of a Protocol of Peace, which Mr. Campbell was by the same Edict authorised to sign as Special Commissioner for China.

* *Antea*, vol. i, p. 325 (footnote).

- 5°. This Protocol was accepted by M. Ferry subject to a slight modification, but with the addition of a Note, which he considered necessary to explain the Protocol.
- 6°. The Tsungli Yamên accepted M. Ferry's modification and his Explanatory Note, but wished to make certain additions, upon acceptance of which Mr. Campbell was authorised to sign.
- 7°. The Tsungli Yamên's acceptance was telegraphed on the 30th March before the resignation of M. Ferry's Ministry was known at Peking, and was received in Paris on the 31st March, the day following their resignation, whilst M. Ferry still retained office pending the appointment of his successor.
- 8°. M. Ferry accepted the Tsungli Yamên's additions to the Explanatory Note, but, as he was unwilling to bind the policy of his successor, there was difficulty and delay in signing the Protocol, which, however, with the Explanatory Note, was signed by M. Billot and Mr. Campbell on the 4th April 1885.*
- 9°. On the suggestion of M. de Freycinet, the new Minister for Foreign Affairs, the *pourparlers* for the Treaty were continued through Sir Robert Hart and Mr. Campbell.
- 10°. The Negotiations resulted in the Treaty of Peace signed by the Plenipotentiaries of France and China at Tientsin on the 9th June 1885.†

I.—PROTOCOL OF PEACE.

1.—On the 9th December 1884, the friendly mediation of England was considered to be closed;‡ on the 11th December M. Jules Ferry, President of the Council of Ministers and Minister of Foreign Affairs, informed the Senate (when by 189 votes to 1 they voted the credits for Tonquin) that the period of negotiations was closed and nothing remained but to act.§ On the 29th December a further semi-official communication was received through Lord Granville, Her British Majesty's Secretary of State for Foreign

* "Treaties, Conventions, etc." (2nd Edition), *op. cit.*, vol. i, pp. 897-899.

† *Ibid.*, pp. 901-907.

‡ "Documents Diplomatiques: Affaires de Chine et du Tonkin, 1884-85," Paris 1885, Nos. 148, 149, 151., pp. 169, 170, 172.

§ *Ibid.*, No. 152, pp. 172, 173.

Affairs, but it did not alter the situation, as explained by M. Ferry in a telegram to M. Waddington, the French Ambassador in London, dated the 7th January 1885.*

2.—At this juncture, Mr. Campbell, as Commissioner of Chinese Imperial Maritime Customs and Non-Resident Secretary of the Inspectorate-General, was instructed by Sir Robert Hart, as Inspector General of Customs in Peking, to proceed to Paris on a special mission, in the interests of Maritime Navigation—the object being the release of the Chinese Customs steamer *Feihoo*, a lighthouse tender employed in supplying and maintaining the lighthouses on the coast, which had been detained by the French Admiral for an alleged infraction of the Formosa blockade, and which he declined to release unless Sir Robert Hart could arrange the matter in Paris.† M. Ferry granted Mr. Campbell an audience on the 11th January, and another on the 24th January; and at the second audience, in accordance with instructions from Sir Robert Hart, Mr. Campbell enquired whether M. Ferry would kindly allow the general situation to be mentioned. Receiving M. Ferry's assent, Mr. Campbell translated to him several extracts from Sir Robert Hart's telegrams, one of which was as follows:‡ “Explain that direct communication with M. Ferry being otherwise impossible and Inspector General having direct communication with highest authority, reliable information regarding above points would probably render successful action possible: if France wants pacific solution at this stage, here is fitting opportunity: being Chinese official, Inspector General naturally wants best possible solution for China, but strongly desires to promote whatever solution is possible.” The “above points” had reference to Sir Robert Hart's instructions to Mr. Campbell, in accordance with which he enquired of M. Ferry, whether, in the interests of peace, the idea of an additional Article to the Tientsin Treaty of the 11th May 1884§ was acceptable; or if not, whether a

* “Documents Diplomatiques,” *op. cit.*, Nos. 157–160, pp. 175–179.

† *Ibid.*, No. 180, p. 200.

‡ *Ibid.*, No. 165, p. 183.

§ “Treaties, Conventions, etc.,” *op. cit.*, vol. i, pp. 894–896. The concluding of this Treaty was in a large measure due to the intervention of Mr. Gustav Detring (*antea*, vol. i, p. 402, footnote), who in March 1884 had been appointed Commissioner of Customs at Canton, and who, on the invitation of Admiral Lespès, travelled from Hongkong to Canton on the French dispatch boat *Volta*, then under the command of Captain Fournier. As a result of an unofficial talk with these two French officers of high standing, Detring urged the Canton Viceroy to inform the Grand Secretary Li Hung-chang that if Canton were attacked it would be impossible to defend it. Detring was then summoned to Tientsin, which led to an invitation to Captain Fournier to come and discuss the situation with a view to negotiations. Captain Fournier was duly provided with the requisite credentials, and the outcome was the Convention of 11th May 1884.

certain compromise or arrangement suggested by Sir Robert Hart was admissible. M. Ferry, at the close of the conversation, observed that he could only pronounce upon a proposition emanating directly from the Tsungli Yamên; that the idea of an additional Article to the Treaty was unacceptable; but that he was prepared to examine any new proposition received by him officially.*

3.—To enable the Tsungli Yamên to formulate a proposition, reasonable and acceptable on either side, an interchange of views was necessary on various important questions, some of which are referred to in M. Ferry's observations, after further conversations with Mr. Campbell on the 8th, 20th, and 26th February.†

4.—The Yellow Book contains no details of these confidential conversations, but in a telegram of the 9th March to M. Patenôtre, the French Minister at Shanghai, M. Ferry states that for several weeks past he had been in communication with Sir Robert Hart, through the agency of Mr. Campbell, and that, since the taking of Langson by the French (14th February), numerous telegrams from Sir Robert Hart had been communicated to him.‡ At the interview of the 26th February, M. Ferry expressed his agreement with Sir Robert Hart to have only one intermediary (himself), and that everything should be kept most secret until they could resume the negotiations officially.§ And in a telegram to Baron de Courcel, the French Ambassador at Berlin, M. Ferry explained that he was in direct communication with Peking through Sir Robert Hart, who *alone* was empowered by the Tsungli Yamên.||

5.—The result of the negotiations thus conducted was that an official proposition in four Articles was sanctioned by Imperial Edict—the fourth Article investing Mr. Campbell with the necessary

* "Documents Diplomatiques," *op. cit.*, No. 178, p. 198, under date the 24th January 1885.

† *Ibid.*, pp. 198, 199.

‡ "Depuis plusieurs semaines déjà, je suis en communication avec Sir Robert Hart par l'intermédiaire d'un de ses agents anglais, venu à Paris pour l'affaire du bâtiment de la douane chinoise retenu par l'Amiral Courbet. Depuis la prise de Langson des télégrammes étendus de Sir Robert Hart à son agence m'ont été communiqués."—"Documents Diplomatiques," *op. cit.*, No. 180, p. 200.

§ "Je suis satisfait des espérances que Sir Robert Hart me donne; je suis, comme lui, d'avis de n'avoir qu'un intermédiaire (lui-même), et que tout soit gardé très secret jusqu'au moment où nous pourrions reprendre officiellement les négociations."—"Documents Diplomatiques," *op. cit.*, No. 178, p. 198.

|| "Je suis en rapport direct avec Pékin, par Sir Robert Hart qui *seul* les pouvoirs du Tsong-li Yamên, et qui montre le plus grand zèle pour la paix."—"Documents Diplomatiques," *op. cit.*, No. 197, p. 218.

powers to sign, as Special Commissioner for China, a Protocol consisting of the first three Articles and containing the Preliminaries of Peace.*

6.—This proposition was communicated to M. Ferry on the 1st March, and on the 3rd March the substance of his observations, given in the Yellow Book under that date, was telegraphed to Sir Robert Hart.† After interchange of several telegrams with Sir Robert Hart, Mr. Campbell on the 12th March, telegraphed a Note from M. Ferry, in which His Excellency requested Sir Robert Hart to telegraph to himself direct that the Imperial Decree had been issued, and stated his views on various points.‡

7.—On the 15th March Sir Robert Hart telegraphed to M. Ferry direct, and also to Mr. Campbell, that an Imperial Edict, recorded on the 27th February, had authorised the transmission of the four Articles through Mr. Campbell, and appointed him to sign the Protocol as Special Commissioner for China.§

8.—M. Ferry considered it necessary, however, in order to justify himself with the Government and the Chambers, that, as a matter of form, the Tsungli Yamên's authority to Sir Robert Hart

* "For M. Ferry—Emperor has authorised following four Articles proposition. (1) On the one hand China agrees to ratify Tientsin Convention of May 1884, and on the other France agrees to demand nothing more than that Convention stipulates for. (2) Both Powers agree to cease hostilities everywhere as fast as orders can be issued and received and France agrees to discontinue Formosa blockade forthwith. (3) France agrees to send Minister north, *i.e.*, to Tientsin or Peking to arrange detailed Treaty, and both Powers will then fix date for withdrawing of troops. (4) Mr. James Duncan Campbell, Commissioner and Inspector General's Non-Resident Secretary, Chinese Imperial Maritime Customs, Second Class Chinese Civil Rank and Officer of Legion of Honour, is empowered as Special Commissioner for China to sign this Protocol with official appointed by France to serve as preliminary understanding or starting point. *Note*.—Preceding communicated to me to-day for transmission by the Prince President of the Tsungli Yamên after an Imperial Audience."—Telegram of the 28th February 1885 from Sir Robert Hart to Mr. J. D. Campbell. For French translation of this telegram, *vide* "Documents Diplomatiques," *op. cit.*, No. 176, pp. 196, 197.

† "Je ne pense pas qu'un traité dans lequel aucune indemnité ne serait stipulée serait accepté par l'opinion publique en France: il faudrait faire valoir des avantages commerciaux sérieux. Quels sont ces avantages et comment pourraient-ils être accordés à la France spécialement? Je voudrais quelques éclaircissements sur les bases du traité détaillé. Vous annonciez qu'un décret impérial serait rendu. L'a-t-il été?"—"Documents Diplomatiques," *op. cit.*, No. 178, p. 199.

‡ "Je voudrais que Sir Robert Hart me télégraphiât lui-même que le décret impérial dont il était question a été rendu."—"Documents Diplomatiques," *op. cit.* No. 183, p. 204.

§ "Telegraphed M. Ferry direct thus: Imperial Decree recorded 27th February authorised transmission of four Articles sent through James Duncan Campbell and appointed the said Campbell to sign Protocol as Special Commissioner for China. Inform and add—Viceroy Li can be appointed to negotiate commercial treaty, etc."—Telegram of the 15th March 1885 from Sir Robert Hart to Mr. J. D. Campbell. For French translation of this telegram, *vide* "Documents Diplomatiques," *op. cit.*, No. 184, p. 205.

should be confirmed through the French Consul at Tientsin. Mr. Campbell telegraphed a Note from M. Ferry to this effect on the 17th March, and M. Ferry telegraphed also to M. Patenôtre.*

9.—On the 22nd March the Consul received official notice of the requisite confirmation, and this was telegraphed to M. Ferry by the French Minister from Shanghai on the 23rd March.†

10.—On the 25th March Mr. Campbell telegraphed to Sir Robert Hart M. Ferry's acceptance of the Yamên's proposition, subject to a verbal modification of the first Article, and also telegraphed the terms of an Explanatory Note proposed by M. Ferry to be added to the Protocol. On the 26th March Mr. Campbell further telegraphed an explanatory Memorandum, which he had drawn up with M. Billot, Director of Political Affairs at the Foreign Office, on the 25th March, but which is described in the Yellow Book as a Memorandum handed on that day by Mr. Campbell to M. Ferry.‡

* "Ferry dictated thus: I have received Sir Robert Hart's direct telegram and have full confidence in his word, but to cover my responsibility towards Government and Chamber I think it necessary to have at least a word from Tsungli Yamên itself, and I think this word can be transmitted in greatest secrecy to French Consul at Tientsin through some official channel. Consul will then telegraph direct to French Government that he has seen authority given by Yamên to Sir Robert Hart. Immediately the answer is received I will transmit to Sir Robert my counter propositions, which are quite in same spirit as his propositions, but which define precisely certain points to which French Government attach greatest importance."—Telegram of the 17th March 1885 from Mr. J. D. Campbell to Sir Robert Hart. For French original, *vide* "Documents Diplomatiques," *op. cit.*, No. 186, p. 209.

"Par un télégramme qu'il m'a directement adressé dimanche dernier de Pékin Sir Robert Hart m'a fait savoir qu'un décret impérial, non publié mais enregistré le 27 février, l'a autorisé à me transmettre des propositions tendant à la reprise des négociations sur les bases du traité de Tien Tsin. Il affirme formellement que pour ses préliminaires il a seul les pouvoirs de l'Empereur. J'ai demandé que le Tsungli Yamên avise secrètement par une voie officielle quelconque notre Consul à Tien Tsin de la mission donnée à Sir Robert Hart. Veuillez donc avertir M. Ristelhueber qu'une communication confidentielle peut lui être faite de Pékin, et qu'il se tienne prêt à nous la transmettre. Je crois qu'il y a ici quelque chose de sérieux; dans tous les cas, jusqu'à conclusion d'un traité définitif avantageux nous nous sommes bien décidés à garder nos gages."—Telegram from M. Jules Ferry to M. Patenôtre, *vide* "Documents Diplomatiques," *op. cit.*, No. 187, p. 210.

† "Li Hong-Tchang a remis à M. Ristelhueber un document ainsi conçu:—Communication faite le 22 mars au Consul M. Ristelhueber: le Tsong-li Yamên par lettre du 21 mars a informé M. Hart que sur la proposition dudit Yamên en date du 27 février l'assentiment impérial avait été accordé par décret aux trois articles de la proposition d'arrangement transmise au Président du Conseil ainsi qu'à la délégation donnée à M. Campbell, Commissaire des Douanes pour signer par procuration; qu'en outre, ledit Yamên avait ce jour même proposé par un rapport au trône, que Li Hong-Tchang fût chargé d'en informer M. Ristelhueber, lequel en donnerait avis au Président du Conseil pour que celui-ci en délibère et agisse. En foi de quoi ce document a été donné."—"Documents Diplomatiques," *op. cit.*, No. 192, p. 214.

‡ "M. Ferry's idea was to put into Protocol the principal conditions of commercial treaty, but he has accepted Sir Robert Hart's view, and the three Articles with explanation of manner in which these Articles will be carried into execution.

11.—Before an answer could be received from Peking the news of General Négrier's check at Dong Dang reached Paris and formed the subject of an interpellation in the Chamber of Deputies on the 28th March. In a telegram to M. Patenôtre of the 27th March, after stating that France pursued no other object than the full and entire execution of the Tientsin Treaty and earnestly desired the end of the war, M. Ferry referred to this check, and to the apprehension that the war party might regain confidence when the news was known.* In the telegram to the French Ambassador at Berlin, already referred to, M. Ferry hoped that this check would not compromise the embryo negotiations for peace.† But it was followed by the news of General Négrier's wound and the evacuation of Langson, which reached Paris on the 29th March and extinguished all hope of peace.

12.—On the 30th March M. Ferry asked the Chamber for a vote of two hundred millions of francs and fifty thousand men to carry on the war. The Chamber refused the credits to M. Ferry's Ministry, who thereupon resigned; but both Chamber and Senate, on the 31st March, voted fifty millions of francs on account; and the balance of one hundred and fifty millions was voted a week later, after the new Ministry was formed. The extracts given in the

The Protocol does not establish peace but simply suspension of hostilities during negotiation necessary for establishment of peace. The definitive treaty should not take much time, both parties agreeing. A commission will be necessary for demarcation of frontier, but this question can be reserved until after peace. Other questions of detail relating to commercial treaty can likewise be reserved. As to form of signature M. Ferry would like, if possible, Chinese Secretary to be authorised come to Paris and sign Protocol with Mr. Campbell as manifest confirmation in eyes of public. Secretary would have nothing to do but sign and return immediately to his post."—Telegram of the 26th March 1885 from Mr. J. D. Campbell to Sir Robert Hart. French version in "Documents Diplomatiques," *op. cit.*, No. 193, p. 215.

* "M. Campbell m'a transmis les propositions que le Tsong-li Yamèn par la dépêche que vous m'avez communiquée, déclare avoir autorisées; elles tendent à un armistice, motivé par cette double déclaration de la part de la France, qu'elle ne poursuit d'autre but que l'exécution pleine et entière de ce traité, et de la Chine qu'elle est prête à exécuter le traité de Tien-Tsin. Tel est, en effet, sachez le bien, le vœu de notre pays qui désire ardemment la fin de la guerre. Les Chinois offrent de faire le premier pas et de publier un édit impérial ordonnant l'exécution du traité de Tien-Tsin: j'exige que l'ordre soit donné en même temps aux troupes chinoises de repasser la frontière. La négociation du traité définitif vous serait réservée, et Li Hong-Tchang serait plénipotentiaire chinois. Ce traité fixerait l'époque de l'évacuation de Formose, et ainsi, tout en négociant, nous serions nantis d'un gage. Malheureusement le 23 le Général Négrier ayant tenté une pointe hardie sur le territoire chinois en dehors de la porte de Chine a rencontré des masses considérables et a dû se replier sur Langson. Il est à craindre que le parti de la guerre reprenne confiance, quand cette nouvelle sera connue."—"Documents Diplomatiques," *op. cit.*, No. 195, pp. 216, 217.

† "J'espère que cet embryon de négociation ne sera pas compromis par le petit échec arrivé à Négrier qui s'est aventuré un peu trop au delà de la frontière chinoise: il garde d'ailleurs Lang Son où il est fortement établi."—"Documents Diplomatiques," *op. cit.*, No. 197, p. 218.

Yellow Book from some of Sir Robert Hart's telegrams show that during this critical period Mr. Campbell kept him fully advised.*

13.—On the 31st March the answer from Peking arrived, dated the 30th March, announcing that M. Ferry's verbal modification of the first Article had been accepted, as well as the Explanatory Note; but, in order to avoid further fighting or misunderstanding, the Tsungli Yamên wished to make certain additions to the Explanatory

* "If accepted, sign at once and telegraph fact of signature immediately. Court and Yamên adhere loyally to arrangement negotiation has so far made; which fact, after receiving news of Langson retaken by Chinese, etc., will show M. Ferry that desire for peace and determination to execute Tientsin Convention is loyal and real. Evacuation is certain, but process in difficult country requires time."—Telegram of the 31st March 1885 from Sir Robert Hart to Mr. J. D. Campbell.

"For M. Ferry: Supposing rice clause retained, best word it thus as being less unpalatable form of expression. Immediately the treaty definitive is signed and approved by Imperial Decree, France will withdraw men-of-war detailed to search, etc., on high sea and China will again open the treaty ports to French shipping, etc. I strongly recommend entire withdrawal of this clause, for first its existence cannot materially benefit France, while second it hurts Chinese *amour propre*. Withdrawing would be considerate and appreciated. What all desire is good understanding and permanent good relations: said clause hurts this at outset just as untimely frost hurts young fruit. The continued readiness of China to settle according to Protocol shows that no more trouble need be feared or provided against. For yourself: these additions and suggestions do not disagree with Ferry Explanatory Note and make future more safe; if admitted sign without delay: but do not sign on 1st April: All Fool's Day is disagreeably ominous!"—Telegram of the 31st March 1885 from Sir Robert Hart to Mr. J. D. Campbell.

"Call on the new Minister and explain the points we have reached: say that neither men nor money wanted and that you continue ready to sign the Protocol with Explanatory Note."—Telegram of the 31st March 1885 from Sir Robert Hart to Mr. J. D. Campbell.

"Might it not ease situation if yourself and M. Billot were to sign forthwith seeing you both hold authority to sign: and then present signed document to President Grévy, requesting him to communicate it to Chamber? Possibly M. Ferry's Ministry could then resume office or new Ministry accept and proclaim affair settled, seeing that China still holds to embryo agreement after momentary success."—Telegram of the 1st April 1885 from Sir Robert Hart to Mr. J. D. Campbell.

"In suspense but still hopeful."—Telegram of the 2nd April 1885 from Mr. J. D. Campbell to Sir Robert Hart.

"Difficulties are: First, Ferry having resigned cannot bind policy of future Ministry; second, Imperial Decree authorised Protocol without Explanatory Note; third, communication handed Consul was signed by Li and not Yamên; fourth, Billot cannot sign without President Grévy's authority and President is hesitating. General Brière telegraphs encouraging news and says evacuation Langson was unnecessary."—Telegram of the 3rd April 1885 from Mr. J. D. Campbell to Sir Robert Hart.

"Yamên is most anxious for speedy settlement: one week delay may capsize arrangement we effected by three months patient and persistent work. Use this discreetly."—Telegram of the 3rd April 1885 from Sir Robert Hart to Mr. J. D. Campbell.

The French version of all the above telegrams will be found in "Documents Diplomatiques," *op. cit.*, Nos. 200-205, pp. 220-223.

Note;* and if these additions were accepted by M. Ferry, Mr. Campbell was authorised to sign the Protocol without delay.†

This answer was despatched after the receipt of the news of the retaking of Langson by the Chinese, but before the resignation of M. Ferry's Ministry was known at Peking.‡

14.—One of the suggested additions related to the clause in the Explanatory Note concerning the restrictions on the transport of rice to the north of China (Art. 5 of Explanatory Note);§ another related to the raising of the blockade of Pakhoi (Art. 2); and a third fixed the dates for the cessation of hostilities, the commencement of the

* For M. Ferry: modification of first Article accepted: Explanatory Note accepted also. In order to avoid further fighting or misunderstanding, Tsungli Yamên wish to add three notes to your Explanatory Note. First: seeing that order to cease hostilities and withdraw can reach neither French and Chinese nor all the forces of either on the same day, Yamên thinks a note of this kind advisable, viz., dates should be fixed for ceasing hostilities, for commencing evacuation, and for completing evacuation, e.g., for troops east of Tuyenkwan, say, 10th, 20th, and 30th April, and for troops west of that place, say 20th and 30th April, and 30th May; whatever commander first receives order to cease hostilities should immediately communicate news to nearest enemy and then avoid movement, attack, or collusion, etc. Second: regarding blockade, Yamên wish clause to read thus: Formosa and Pakhoi blockade will be raised. Third: respecting clause concerning obstacles to transport of contraband including rice, etc. Please consider: rice is luxury not necessity at Peking and grain abounds so that prohibition will merely deprive Shanghai junkmen of employment, and, moreover, the entire clause hurts Chinese *amour propre* by making them feel they negotiate commercial treaty under dictation. I therefore strongly recommend withdrawing of this clause: if this is not assented to, Yamên wish to add this note, viz., so long as the obstacles are maintained Chinese ports remain closed to all French vessels. N.B.—If clause is withdrawn, mail steamers and other merchant ships can enter Shanghai and other ports as before. I trust your Excellency will approve and allow Protocol, etc., to be signed. *Vide* "Documents Diplomatiques," *op. cit.*, No. 199, p. 219.

† *Vide* footnote * to section 12.

‡ *Ibid.*

§ For French text of the Protocol and of the Explanatory Note, *vide* "Documents Diplomatiques," *op. cit.*, Nos. 206, 207, pp. 223–226, also "Treaties, Conventions, etc." (2nd Edition), *op. cit.*, vol. 1, pp. 897–899, where an English version will also be found. "L'article 5 de la Note explicative du Protocole signé à la date de ce jour porte que:—

'Aussitôt que le traité définitif aura été signé et approuvé par Décret Impérial, la France retirera les vaisseaux de guerre employés à la visite, etc. en haute mer, et la Chine rouvrira les ports à traité aux bâtiments français etc.'

Dans la pensée du Gouvernement de la République cette clause doit être entendue en ce sens que, durant l'armistice, les bâtiments de notre escadre continueront à maintenir les obstacles mis au transport de la contrebande de guerre, y compris le riz, à destination du nord de la Chine. Je vous serai obligé de me faire savoir si l'accord entre nous est établi à cet égard."—M. Ferry to Mr. J. D. Campbell, 4th April 1885. "Documents Diplomatiques," *op. cit.*, No. 208, p. 226. In his reply Mr. Campbell assured M. Ferry that in this matter the Chinese Government was in full accord with the Government of the French Republic.—"Documents Diplomatiques," *op. cit.*, No. 209, p. 227.

evacuation, and the end of the evacuation at Tonquin, etc. (Art. 4); but these dates were only specimen dates, and were afterwards extended by five days.*

15.—M. Ferry accepted the suggested additions, but there were difficulties concerning the signature of the Protocol, chiefly in consequence of the new Ministry not being formed, and M. Ferry being unwilling to bind the policy of his successor.†

16.—Upon learning the resignation of M. Ferry's Ministry Sir Robert Hart telegraphed on the 31st March to Mr. Campbell to explain to the new Minister the point that had been reached; that neither men nor money were wanted; and that Mr. Campbell was to continue ready to sign the Protocol with the Explanatory Note.‡ Mr. Campbell reported this telegram on the same day to M. Ferry.

17.—Sir Robert Hart telegraphed again on the 1st April suggesting that it might ease the situation if M. Billot and Mr. Campbell were to sign the Protocol at once, seeing that both had authority to sign, and that China still held to the proposed arrangement after a momentary success.§ This was immediately communicated to M. Ferry, but the Ministerial crisis caused delay.

18.—It had been expected in Peking that the Protocol would have been signed on the 31st March.|| The vote of credit after the resignation of M. Ferry's Ministry, the delay in signing the Protocol

* "Vous m'avez exprimé le désir, au nom du Gouvernement chinois, que les délais fixés dans la Note explicative annexée au Protocole du 4 avril fussent prolongés de cinq jours. Je m'empresse de vous faire savoir que le Gouvernement français acquiesce à cette proposition: il est entendu par suite, que la cessation des hostilités, le commencement de l'évacuation et la fin de l'évacuation auront lieu aux dates suivantes: les 15, 25 avril et 5 mai pour les troupes à l'est de Tuyen Quan; les 25 avril 5 mai et 4 juin pour les troupes à l'ouest de cette place."—M. de Freycinet to Mr. J. D. Campbell, 9th April 1885. "Documents Diplomatiques," No. 221, p. 234, *vide* footnote under || section 18.

† *Vide* footnote * to section 12; telegram of the 3rd April 1885 from Mr. J. D. Campbell to Sir Robert Hart.

‡ *Ibid.*, telegram of the 31st March 1885 from Sir Robert Hart to M. Ferry through Mr. J. D. Campbell.

§ *Ibid.*, telegram of the 1st April 1885 from Sir Robert Hart to Mr. J. D. Campbell.

|| "The dates fixed were specimen dates, still accepted by France: the Tsungli Yamén upholds them. There results this difficulty: specimen dates assumed [Protocol would be] signed Tuesday [31st March], but signature news only arrived Sunday. Hence impossible for order to reach Chinese scattered forces on specimen dates. Tsungli Yamén therefore request five days' grace, *i.e.*, first date to be the 15th April and last the 4th June on which last date evacuation will be complete. Get this explained and accepted. Commanding officers [to be] instructed accordingly. Is it accepted?"—Telegram of the 7th April 1885 from Sir Robert Hart to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 214, p. 230.

after M. Ferry's acceptance of the Tsungli Yamên's additions to the Explanatory Note, and the consequent uncertainty as to the policy of the new French Ministry, were naturally causes of anxiety to the friends of peace; and from day to day it was almost at the mercy of an accident in either France or China whether there should be war or peace. This danger was confirmed to Mr. Campbell by Sir Robert Hart's telegram of the 3rd April, stating that one week's delay might upset the arrangement effected by three months' patient and persistent work.*

19.—Notwithstanding the Ministerial crisis the difficulties concerning the signature were overcome, and the Protocol, with the Explanatory Note, was signed on the 4th April 1885, by M. Billot, on the part of France, and by Mr. Campbell, on the part of China, both being duly authorised in that behalf by their respective Governments.†

20.—On the 4th April Mr. Campbell telegraphed to Sir Robert Hart the fact of the signature of the Protocol, and on the 7th April Mr. Campbell received Sir Robert Hart's telegram, dated Peking the same day, stating that the Imperial Decree, ratifying the Tientsin Convention, had been issued on the 6th, and would be handed to the Consul on the 7th for transmission to Paris.‡ Mr. Campbell instantly communicated this telegram to M. Ferry, but the necessary official notification through the French Consul at Tientsin, which formed part of the procedure agreed upon,§ had not reached Paris

* *Vide* footnote * to section 12; telegram of the 3rd April 1885 from Sir Robert Hart to Mr. J. D. Campbell.

† "Protocol signed with Explanatory Note by myself and M. Billot at four o'clock this afternoon fourth April." Telegram of the 4th April 1885 from Mr. J. D. Campbell to Sir Robert Hart. Sir Robert advised the Tsungli Yamên (Foreign Office) of the successful conclusion of his negotiations in an Oriental manner. On his arrival at the Office he found the Ministers there anxiously awaiting his report, and he sat down to a cup of tea with them. By and by he remarked, with the apparent indifference of the Oriental diplomat: "It is exactly nine months to-day since you placed the negotiations with France in my hands." "And the child is born!" instantly cried one of the Ministers, seeing the point and delighted at the truly Chinese way of conveying the information.—"The Peoples and Politics of the Far East," by Henry Norman (Fisher Unwin, London, 1895, p. 234).

‡ "Imperial Decree was issued 6th and will be handed Consul to-day. For Paris: Decree ratifies Tientsin Convention and orders Chinese forces cease hostilities and proceed with evacuation according to dates fixed."—Telegram of the 7th April 1885 from Sir Robert Hart to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 212, p. 228.

§ "Des préliminaires de paix ont, en effet, été conclus à Paris samedi dernier. Le premier acte d'exécution doit être la publication à Pékin et la communication à M. Ristelhueber d'un décret impérial ratifiant le traité de Tien-Tsin du 11 mai."—Telegram of the 7th April 1885 from M. de Freycinet to M. Patenôtre. "Documents Diplomatiques," *op. cit.*, No. 215, p. 230.

on the 8th April,* and only arrived there on the 9th.† The Decree was published in the "Pekin Gazette" on the 13th April.‡

21.—After the signature of the Protocol several questions had to be settled with M. de Freycinet, the new Minister of Foreign Affairs, in connexion with the execution of the Protocol, including the following:—

- (a) Raising the blockade of Formosa and cessation of hostilities;§

* "Des préliminaires de paix ont été signés à Paris le 4 avril; mais ce n'est que si un décret impérial ratifiant la Convention du 11 mai est promulgué à Pékin que l'arrangement doit avoir son effet. D'après un avis officieux ce décret a été rendu le 6, mais la notification officielle n'est pas encore parvenue."—Telegram of the 8th April 1885 from M. de Freycinet to M. Waddington, French Ambassador at London. "Documents Diplomatiques," *op. cit.*, No. 219, pp. 232, 233.

† "J'apprends par un télégramme de M. Ristelhueber que Li Hong-Tchang vient de lui remettre un document ainsi conçu: Copie d'une lettre du Tsong-li Yamên en date du 6 avril 1885: L'accord intervenu entre la France et la Chine ayant été signé le 4 avril à Paris par M. Campbell, les membres du Grand Conseil ont reçu personnellement aujourd'hui le décret suivant—La Convention de Tien-Tsin est ratifiée; ordre est donné aux troupes de cesser les hostilités sur tous les points aux dates fixées, et aux armées du Yunnan et du Kouang-si de repasser la frontière aux dates fixées. Respectez ceci—Nous vous prions de communiquer cette lettre au Consul Ristelhueber, en l'invitant à en transmettre par le télégraphe la teneur à Paris, en vue de l'exécution de la Convention."—Telegram of the 9th April 1885 from M. Patenôtre to M. de Freycinet. "Documents Diplomatiques," *op. cit.*, No. 222, pp. 234, 235.

‡ "'Peking Gazette' has published Decree of 6th I translate it thus: 'Seeing that France and China now arrange peace and confirm the Tientsin Convention, we order our troops everywhere to cease hostilities on dates fixed, and we order our Yunnan, Kwangsi, and Kwangtung troops to be withdrawn to the frontier on the date fixed as Convention provided. This published Decree agrees with oral Edict already communicated substantially and almost literally, but difference of style between spoken order or oral Edict and written or published Edict necessitated some additional words to be intelligible to all readers.' Publication in 'Peking Gazette' proves Government decided execute Convention and carry out arrangement made by recent negotiation; also shows that newspaper articles ought not to be allowed to compromise peace prospects. Published Decree neither contains [any] word nor suggests [any] idea insulting to France, and arrangements are proceeding satisfactorily."—Telegram of the 14th April 1885 from Sir Robert Hart to M. de Freycinet through Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 231, p. 244.

"Je reçois de M. Ristelhueber le texte du décret paru le 13 avril dans la 'Gazette de Pékin.' En voici la traduction: 'Les Membres du Grand Conseil de l'Empire ont reçu personnellement le décret impérial suivant—La Chine et la France ayant décidé de reprendre leurs bonnes relations nous donnons notre consentement à la Convention de Tien-Tsin. Nous enjoignons en conséquence à tous nos corps d'armée de suspendre aussitôt les hostilités aux dates fixées. Nous commandons, en outre, aux troupes du Yunnan et des Kouang, conformément à la Convention de se retirer sur la frontière aux dates fixées. Respect à ceci.' Le Consul de Tien-Tsin me fait savoir en même temps que Li Hong-Tchang a télégraphié à Canton et à Hongkong pour presser l'envoi au Tonkin de commissaires."—Telegram of the 18th April 1885 from M. Patenôtre to M. de Freycinet. "Documents Diplomatiques," *op. cit.*, No. 240, pp. 250, 251.

§ "J'apprends que le Gouvernement chinois a donné des ordres pour la suspension des hostilités au Tonkin et pour l'évacuation de ce pays par les troupes impériales, conformément aux dispositions de l'arrangement du 4 avril. De mon côté j'ai prié mes collègues MM. les Ministres de la Marine et de la Guerre, d'envoyer

- (b) Prolongation of dates for retirement from Tonquin;*
- (c) Evacuation of the Pescadores;†
- (d) Obstacles to the transport of rice.‡

On the 11th April M. de Freycinet made a verbal communication to Mr. Campbell to be telegraphed to Sir Robert Hart, assuring

les instructions nécessaires pour la levée du blocus de Formose et pour la cessation des hostilités au Tonkin aux dates convenues. Je suis en mesure de vous faire savoir que ces instructions ont été envoyées aujourd'hui même, par le télégraphe à M. le Vice-Amiral Courbet et à M. le Général Brière de l'Isle. M. Ristelhueber est chargé d'en informer le Vice-Roi de Tchéli et Sir Robert Hart."—Letter of the 8th April 1885 from M. de Freycinet to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 220, p. 223.

* *Vide* footnote * to section 14 and footnote || to section 18.

† "March 27th Chinese retook Langson and March 29th French occupied Pescadores, both events occurring when negotiations were almost complete and Protocol almost ready for signature. Seeing that China upholds arrangement loyally notwithstanding said success and will withdraw from retaken city, Tsungli Yamên hopes France will similarly withdraw from Pescadores."—Telegram of the 8th April 1885 from Sir Robert Hart to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 216, p. 231.

"D'après votre communication du 8 de ce mois le Gouvernement chinois désirerait que les îles Pescadores, occupées par nos troupes le 29 mars fussent immédiatement évacuées et que tout au moins le Gouvernement français s'engageât à en commencer et à en faire l'évacuation aux dates fixées pour l'évacuation du Tonkin par les troupes chinoises. Mon Collègue M. le Ministre de la Marine, à qui j'en référerai tout d'abord n'a pas encore reçu du Commandant en chef de notre escadre toutes les informations qui nous sont nécessaires pour prendre aujourd'hui une résolution définitive. Mais je puis dès à présent vous donner l'assurance que le Gouvernement de la République est disposé à faire prévaloir une solution qui témoigne de sa modération et réponde aux procédés conciliants du Gouvernement chinois.

"A la même date, vous avez bien voulu me faire part des considérations exposées par le Tsong-li Yamên pour obtenir que nos forces navales cessent de s'opposer au transport du riz à destination du nord de la Chine. Je vous prie de faire connaître au Tsong-li Yamên que le Gouvernement français apprécie la valeur de ces observations et qu'il en tiendrait compte immédiatement si des motifs d'ordre intérieur ne l'obligeaient à maintenir provisoirement le *statu quo*. La manière dont les dernières négociations ont été poursuivies et la promulgation du décret impérial du 6 avril sont garants du désir d'entente qui régnait dans les hauts conseils du Gouvernement chinois et de la loyauté avec laquelle ils présideront à l'exécution des préliminaires de paix. Mais les événements de l'an dernier et la prolongation du conflit ont suscité dans l'opinion publique en France des préoccupations qui risqueraient de compromettre le sort même des Arrangements intervenus si l'on renonçait dès maintenant à certaines mesures de garantie, au nombre desquelles figure l'interdiction du riz. Le temps et les nouvelles de l'évacuation du Tonkin, régulièrement opérée par les forces chinoises, ne tarderont pas, je l'espère à modifier favorablement cet état des esprits, et vous pouvez être certain que le Gouvernement français serait heureux de pouvoir témoigner des sentiments qui l'animent, en avançant l'époque prévue pour le rappel de sa flotte."—Letter of the 10th April 1885 from M. de Freycinet to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 226, pp. 239, 240.

"D'après les préliminaires de paix nous ne pouvons pas garder les Pescadores après la conclusion du traité définitif. Il serait regrettable que les Chinois pussent concevoir des doutes sur notre loyauté à ce sujet."—Telegram of the 4th May 1885 from M. de Freycinet to M. Patenôtre "Documents Diplomatiques," *op. cit.*, No. 248, p. 256.

‡ *Vide* footnote † above. Letter of the 10th April 1885 from M. de Freycinet to Mr. J. D. Campbell.

the Tsungli Yamên that the new Ministry would loyally carry out the Protocol, and thanking Sir Robert Hart for his good offices.*

II.—THE TREATY OF PEACE.

22.—By the third Article of the Protocol and the second Article of the Explanatory Note, France agreed to send a Minister to Tientsin or Peking to arrange as soon as possible a detailed Treaty with the Chinese Plenipotentiaries.

23.—M. de Freycinet, in a Circular Letter to the French Ministers abroad, observed that the Chinese Government had strictly kept the promises of their negotiator;† and in a telegram to M. Patenôtre, he explained as follows: "The exactness with which the Chinese have hitherto carried out their movements of retirement in Tonquin does not allow any doubt either of the loyalty with which they have accepted the Protocol of the 4th April or of the credit enjoyed at Peking by the intermediaries with whom this Protocol has been negotiated. I have deemed it expedient to continue the *pourparlers* through the same negotiators.‡

* "M. de Freycinet begs you inform Yamên that the new Ministry is quite resolved to carry out loyally the execution of the Protocol, and that the reinforcements sent to Tonkin are intended solely for the maintenance of order and for the occupation of places evacuated by the Chinese. General de Courcy is appointed Commander-in-Chief. M. de Freycinet thanks you for your good offices, and begs you to assure the Chinese Government that the sending out of reinforcements ought not to awaken any doubt or inquietude as it is simply a measure of precaution and of order in the interests of peace."—Telegram of the 11th April 1885 from Mr. J. D. Campbell to Sir Robert Hart. "Documents Diplomatiques," *op. cit.*, No. 227, p. 240.

† "Monsieur, Comme vous le savez déjà une Convention préliminaire a été signée à Paris, le 4 de ce mois entre la France et la Chine. J'ai l'honneur de vous en adresser ci-joint copie, pour votre information. Ces arrangements ainsi que vous le verrez, sont consignés dans un Protocole complété par une Note explicative et par deux lettres échangées entre mon prédécesseur et M. Campbell, Agent de l'Administration des Douanes chinoises, muni de pouvoirs spéciaux du Gouvernement Impérial. La lecture des pièces ci-incluses vous fera mieux connaître l'économie de nos arrangements que les explications que je pourrais vous donner à cet égard. Je puis ajouter que jusqu'ici le Gouvernement chinois a rigoureusement tenu les promesses de son négociateur. Dès que la signature de la Convention du 4 avril a été connue à Pékin, un décret impérial a été rendu pour ratifier le traité conclu à Tien-Tsin le 11 mai de l'année dernière, et l'ordre a été expédié aux commandants des troupes chinoises de suspendre les hostilités et de procéder à l'évacuation du Tonkin. De notre côté nous avons envoyé des instructions concordantes à l'Amiral Courbet et au Général Brière de l'Isle."—Letter of the 17th April 1885 from M. de Freycinet, Minister of Foreign Affairs to the French Ambassadors at Berlin, Berne, Constantinople, London, Madrid, St. Petersburg, Vienna, and Rome, to the Ministers at Athens, Belgrade, Bucharest, Buenos Aires, Cettigne, Copenhagen, The Hague, Lima, Lisbon, Mexico, Munich, Port-au-Prince, Rio de Janeiro, Santiago de Chile, Stockholm, Tangier, Teheran, Tokyo, Washington, and Tunis, to the Consuls General and Chargés d'Affaires at Bogota, Guatemala, Montevideo, and Quito, and to the Consuls at San Domingo, Bankok, and Zanzibar. "Documents Diplomatiques," *op. cit.*, No. 238, p. 249.

‡ "L'exactitude avec laquelle les Chinois ont opéré jusqu'ici leurs mouvements de retraite au Tonkin ne permet pas de douter de la loyauté avec laquelle ils ont accepté le Protocole du 4 avril, ni du crédit dont jouissent à Pékin les intermédiaires

24.—On the 19th April M. Cogordan, Sub-Director of Political Affairs at the Foreign Office, had an interview with Mr. Campbell, by direction of M. de Freycinet, which resulted in Mr. Campbell telegraphing to Sir Robert Hart the suggestion that a Treaty might be first drafted in Paris, and transmitted through Sir Robert Hart to the Tsungli Yamên; and that, once an understanding arrived at, M. de Freycinet would telegraph it to M. Patenôte.*

25.—The suggestion was approved at Peking; and the Treaty negotiations commenced with a letter from M. Cogordan to Mr. Campbell of the 23rd April, enclosing the draft Treaty.†

26.—The Yellow Book does not contain the details of the *pourparlers* from the 23rd April to the 10th May; but this period was devoted to the careful consideration and settlement of the draft

avec lesquels ce Protocole a été négocié. J'ai cru utile de continuer les *pourparlers* avec la Cour de Pékin par l'entremise des mêmes négociateurs."—Extract from telegram of the 11th May 1885 from M. de Freycinet to M. Patenôte. "Documents Diplomatiques," *op. cit.*, No. 252, p. 258.

* "M. de Freycinet nearly agrees with M. Cogordan to propose a simple Treaty on which you would consult with Yamên. . . . This simple Treaty being accepted by Yamên, M. de Freycinet will telegraph to M. Patenôte."—Extract from telegram of the 19th April 1885 from Mr. J. D. Campbell to Sir Robert Hart. "Documents Diplomatiques," *op. cit.*, No. 241, p. 251.

† "Monsieur, Ainsi qu'il a été convenu entre nous, je vous envoie le texte d'un Projet de Traité que j'ai rédigé et que M. de Freycinet accepte dans son esprit général. Comme vous le verrez, je me suis attaché à suivre de près le Traité de Tien-Tsin qui forme la base des négociations actuelles, et je renvoie à un Règlement ultérieur les questions de détail relatives au commerce de terre entre la Chine et le Tonkin. Il est pourtant nécessaire d'indiquer dans le Traité de paix les bases sur lesquelles seront réglés les rapports commerciaux; c'est à cet effet qu'ont été rédigés les articles 5 et 6, dont les dispositions m'ont été suggérées par l'étude du dernier Traité entre la Chine et la Russie: il était naturel de nous inspirer de ce Traité, la Russie étant la seule puissance européenne qui ait eu à régler des questions de frontière et de voisinage avec l'Empire du Milieu. Je ne crois pas que la réduction de tarifs que nous demandons puisse soulever des difficultés, d'une part, en effet, les autres Puissances, ayant seulement avec la Chine des Traités de commerce maritime, ne sauraient se prévaloir de la clause de la nation la plus favorisée pour réclamer les mêmes réductions; d'autre part, les termes de la Convention de Tien-Tsin nous donnent le droit de compter sur des sérieux avantages pour le trafic par terre. Enfin l'abaissement des droits de douane aux deux tiers du tarif ordinaire, figurait dans un Projet de Convention, récemment préparé par M. Gicquel, d'accord avec le Marquis Tseng, mais sur lequel M. Ferry n'avait pas cru devoir ouvrir des *pourparlers*.

"Les ouvertures qui nous ont été faites à plusieurs reprises par Li Hong-Tchang m'autorisent à croire que la clause concernant les chemins de fer sera également accueillie. J'ai pris soin, du reste, de bien marquer que nous n'entendons pas demander un monopole, mais seulement que nous désirons donner, du côté de la Chine, un débouché à notre industrie, ce qui est dans l'intérêt de la Chine autant que dans celui de la France.

"Un mot encore à propos de l'évacuation de Formose. J'en ai reparlé hier à l'Amiral Galiber: l'opération exigera bien un mois à partir du jour de la signature de Traité, parce que nous ne pouvons pas envoyer l'ordre d'évacuer avant la signature et que nous avons à Kélung un matériel d'un transport difficile.

"Il faudra, en outre, que les Chambres aient eu le temps de ratifier le Traité, et un délai moindre d'un mois serait tout à fait insuffisant."—Letter of the 23rd April 1885 from M. Cogordan to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 243, pp. 252, 253.

Treaty, Mr. Campbell being in constant communication by telegraph with Sir Robert Hart. Six out of ten Articles had been agreed by the 10th May,* and they were telegraphed by M. de Freycinet to M. Patenôtre on the 11th May, with instructions to commence *pourparlers* with the Chinese Plenipotentiaries on the basis of the six Articles the text of which had been already settled.†

27.—The remaining four Articles were under discussion in Paris and Peking until the 23rd May, when it was considered that they were as good as settled, and that the negotiations through Sir Robert Hart had terminated,‡ but the second Article was not finally adjusted until the 1st June, when its text was telegraphed by M. de Freycinet to M. Patenôtre.§

28.—The Treaty, after further revisal by the Chinese and French Plenipotentiaries, and careful collation and verification of the Chinese and French texts, was signed at Tientsin on the

* "Monsieur, Nous acceptons la suggestion de Sir Robert Hart: M. Patenôtre sera en mesure d'ouvrir les *pourparlers* avec le Vice-Roi Li mardi ou au plus tard mercredi mais seulement sur les articles 1, 3, 4, 7, 8 et 9. Nous ne doutons pas que les Plénipotentiaires chinois ne reçoivent des instructions concordantes.

"Il est entendu que l'ordre de retirer les vaisseaux sera envoyé dès la signature du Traité, conformément à l'article 9; mais le retrait commencera aussitôt que le décret aura été approuvé par décret impérial, conformément à la Note explicative du Protocole du 4 avril."—Letter from M. Cogordan of the 10th May 1885 to Mr J. D. Campbell "Documents Diplomatiques," *op. cit.*, No. 251, p. 258.

† "Ces *pourparlers* engagés sur un Projet de Traité rédigé par mon Département n'ont pas encore entièrement abouti: mais sur les dix articles du Traité, il en est six sur lesquels l'accord peut être considéré comme établi. Je vous les envoie ci-après avec leur numéro d'ordre dans le Traité: quant aux quatre autres, afin que vous puissiez vous rendre compte de l'économie générale de la Convention, je vous en indique aujourd'hui l'objet, en regard de leur numéro d'ordre, et j'espère être en mesure de vous en envoyer prochainement le texte.

"Dès le reçu du présent télégramme, vous pourrez entrer en *pourparlers* avec les Plénipotentiaires chinois et leur présenter les six articles dont le texte est actuellement arrêté."—Extract from telegram of the 11th May 1885 from M. de Freycinet to M. Patenôtre. "Documents Diplomatiques," *op. cit.*, No. 252, p. 259.

‡ "Le Traité doit être complété par une clause relative à la ratification. . . . Je propose, en conséquence, d'ajouter à l'article 10 un alinéa ainsi conçu: 'Le présent Traité sera ratifié dès à présent par S.M. l'Empereur de Chine, et après qu'il aura été ratifié par le Président de la République française, l'échange des ratifications se fera à Pékin dans le plus bref délai possible.' Je fais transmettre également cette disposition complémentaire à Sir Robert Hart avec lequel les négociations directes cessent à partir de ce jour."—Extract from telegram of the 23rd May 1885 from M. de Freycinet to M. Patenôtre. "Documents Diplomatiques," *op. cit.*, No. 253, p. 263.

§ "J'apprends par [Sir Robert] Hart que le Tsong-li Yamên accepterait pour l'article 2, paragraphe 2, la formule suivante: 'En ce qui concerne les rapports entre la Chine et l'Annam, il est entendu qu'ils seront de nature à ne point porter atteinte à la dignité de l'Empire Chinois, et à ne donner lieu à aucune violation du présent Traité.' Je vous prie de communiquer à Li Hong-Tchang cette rédaction, que j'accepte également."—Extract from telegram of the 1st June 1885 from M. de Freycinet to M. Patenôtre. "Documents Diplomatiques," *op. cit.*, No. 259, p. 268.

9th June;* and its ratification by Imperial Edict on the 11th June was telegraphed by Sir Robert Hart to Mr. Campbell and communicated to M. Cogordan the same day, for the information of M. de Freycinet.† The Law approving the Treaty was signed by M. Grévy, the President of the French Republic, and published in the French "Journal Officiel" of the 22nd July 1885.

N.B.—The Chinese Customs Lighthouse Tender *Feihoo* was released when Peace was made.‡

NEGOTIATIONS PRECEDING SIGNATURE OF THE PROTOCOL OF LISBON, 1887.

INTERCHANGE OF TELEGRAMS BETWEEN SIR ROBERT HART AND MR. J. D. CAMPBELL, C.M.G.

Hart to Campbell.

Proceed Lisbon and await instructions. Telegraph Lisbon address.—*1st November 1886 (338).*

Campbell to Hart.

Address future telegrams Lisbon *via* Suez.—*26th November 1886 (984).*

Campbell to Hart.

Governor says if whole Lappa impossible why not give part necessary to prevent conflict jurisdiction: otherwise he considers hulk arrangement impossible and any alternative arrangement dependent on status article: Press already stirring public opinion, etc.—*5th December 1886 (982).*

* "J'apprends par M. Patenôtre que le Traité a été signé aujourd'hui."—Telegram of the 9th June 1885 from M. Collin de Planoy, Acting Consul General at Shanghai to M. de Freycinet. "Documents Diplomatiques," *op. cit.*, No. 271, p. 275.

† "Treaty ratified to-day by Imperial Edict."—Telegram of the 11th June 1885 from Sir Robert Hart to Mr. J. D. Campbell. "Je viens de recevoir un télégramme annonçant que le Traité a été ratifié aujourd'hui par un décret impérial."—Telegram of the 11th June 1885 from Mr. J. D. Campbell to M. Cogordan. "Documents Diplomatiques," *op. cit.*, No. 275, p. 278.

‡ "Le *Feihoo* sera rendu dès la conclusion du Traité de Paix."—Extract from note of the 23rd April 1885 from M. Cogordan to Mr. J. D. Campbell. "Documents Diplomatiques," *op. cit.*, No. 244, p. 254. As a matter of historic fact the *Feihoo* was released the day before the Treaty was signed!

Hart to Campbell.

China refuses Lappa, but will probably give Treaty and sovereignty: Canton Viceroy opposes closing Customs Stations and Peking Government hesitates to do more than give treaty with clause to authorise Portugal govern Macao as now, but on perpetual lease without rent.—*7th December 1886 (992).*

Campbell to Hart.

Seen Foreign Minister privately: well disposed and amiable: anxious to settle question and secure good neighbourhood with protection Chinese revenue: says status is fundamental point and confirms Governor's language in Sunday telegram. Private *N.B.*—I think you may now reduce Lappa request to minimum by assuming Portuguese object is not territory but simply prevention of conflict jurisdiction in water around Macao: sooner I receive official instructions the better.—*7th December 1886 (981).*

Hart to Campbell.

Speak thus: China desires good relations, but party feeling makes any Lappa concession quite impossible. Ask: if China gives good status article will Portugal give revenue co-operation and allow opium hulk or depot? Answer wanted! Private: explain from me that mention of jurisdiction conflict only excited Chinese to assert and enforce claims as original owner: Portuguese explanation of Lappa request is calculated to make China garrison Lappa, etc., rather than concede. But the one point to remember now is that this opportunity to have status recognised will never return: we are now completing arrangement for opium revenue collection without co-operation of Hongkong Macao: preventive action will be very thorough: Governor can explain to Minister how thorough, *i.e.*, how detrimental to Macao. For effective revenue co-operation, etc., I can however procure treaty and status article.—*10th December 1886 (991).*

Campbell to Hart.

From Minister after confidential conversation: Party feeling here also makes hulk arrangement difficult after Hongkong refusal and without the apparently compensating advantage which Governor proposed and expected; but desiring to meet hulk request I propose to withdraw Lappa request and replace fifteenth article of Convention by another article to define Macao dependencies, including therein

that portion of Lappa opposite Macao which has hitherto been practically part of Macao dependencies: this will be simply retaining the *status quo* and if accepted I will concur in hulk arrangement as per convention arranged between yourself and Governor, by which convention stations around Macao will be closed. Governor and Minister old school fellows both desire settlement consistently with Chinese and Portuguese national honour and feeling. Minister considers Lappa request is reduced to minimum necessary for hulk arrangement. Foreign newspaper reports, emanating from China, concerning Chinese intentions towards Hongkong Macao have stirred public opinion here and caused diplomatic enquiries at Foreign Office embarrassing to Ministry.—*20th December 1886 (980).*

Hart to Campbell.

We commence opium collection February. Marquis strongly opposes status article and Tsungli Yamên negotiation more difficult: but believe can get status if Portugal forthwith gives revenue co-operation. Recommend Portugal accept: fortnight hence can only get perpetual lease and month later nothing. Press you reply and prepare return London.—*21st December 1886 (990).*

Campbell to Hart.

Governor says Minister awaits your answer to his reply 980 before stating question to Council of Ministers for immediate decision. *N.B.*—*Times* inspired letter and article on Macao report that draft Treaty is under consideration at Peking and Lisbon, providing for application of Hongkong arrangement to Macao under Marquis opium convention: letter and article say Portugal should covenant with China not to part with Macao against China will to other power: hulk, etc., not mentioned but article speaks against Chinese officials exercising any jurisdiction within Portuguese settlement. This newspaper treatment complicates situation. Your answer to 980 therefore very important and if already despatched telegraph whether I must present it as last word: Minister desirous to give effective revenue co-operation.—*27th December 1886 (977).*

Campbell to Hart.

Minister and Governor apparently desirous to give any other effective revenue co-operation possible without hulk and Lappa if 800 proposal unacceptable.—*30th December 1886.*

Campbell to Hart.

Have you received 980 to 977?—30th December 1886 (976).

Hart to Campbell.

Chinese desire good relations and reluctantly embarrass Portugal, but formal cession of territory impossible. If Portugal forthwith gives revenue co-operation China will negotiate commercial treaty; but treaty can only handle Macao in one of three ways viz. 1. either omit all mention of Macao thus leaving things as they are plus treaty for Portugal and revenue co-operation for China; or 2. say China agrees to lease to Portugal rent free and in perpetuity that part of Hiangshan District occupied by Portugal and called Macao and further agrees that its Government shall be administered by Portugal as heretofore; or 3. say China agrees that Portugal shall administer government of Macao as heretofore, but, being originally Chinese, Portugal agrees that Macao shall annually send five hundred Haikwan Taels tribute to Peking. Private: add that I respectfully but strongly urge settlement on this basis: the old and distinguished Colony of Macao may recover under satisfactory Chinese relations; otherwise must inevitably be injured by Chinese preventive action. Such arrangement will not materially affect Portuguese interests in Macao and will secure the recognition which China has hitherto refused. Confidential: if not closed with, China will neither further offer nor grant same terms!—6th January 1887 (989).

Campbell to Hart.

Minister surprised and disappointed by retrograde negotiation: says he desires to give effective revenue co-operation but does not understand what is the revenue co-operation in 990 you recommend Portugal accept or if the co-operation will close Customs Stations around Macao; he does not want any formal cession of territory but only simple status article such as you drafted with Governor: he cannot answer 989 until after deliberation of Ministerial Council meeting on Wednesday or Thursday but he personally thinks Council cannot accept 989 basis.—7th January 1887 (975).

Campbell to Hart.

Chamber dissolved to-day: present liberal Ministry majority certain and conservative Ministry would probably oppose hulk or depot. Minister said, treaty with status article being generally known and discussed, to accept treaty not mentioning Macao would

put Chamber, press and public against Ministry and capsize Ministry. Minister does not understand how treaty without mentioning Macao can secure recognition I said fact of giving treaty did so; but Minister said such indirect recognition, after your conferences with Governor and communications through me, would create contrary impression here. *N.B.*—*Times* article said: natural and just for Portugal to have its tenure secured: British Government will not exert its influence to hinder wise and friendly compromise of existing rights: Portugal cannot be expected to admit Chinese officials to exercise jurisdiction within its settlement: the mere assertion of a theoretical right must be as embarrassing to China as vexatious to Portugal, etc. I think myself if you and Minister agree upon wording of status article, omitting article to define Macao dependencies, we may succeed, otherwise we fail and somebody will triumph!—7th January 1887 (974).

Campbell to Hart.

Is there any telegraphic misunderstanding or mistake? *e.g.*, co-operation with hulk is one thing but without hulk another! Status is one thing but *status quo* another! Minister understood your 991 explanation, for effective revenue co-operation, etc., can procure treaty and status article, to mean hulk or depot arrangement as provided by opium convention but omitting Lappa article: Minister therefore proposed another article instead to define the *status quo* of Macao dependencies as per your second note to amended version of status article. We await reply clearing all doubts.—10th January 1887 (972).

Campbell to Hart.

Ministerial feeling appears this: Minister's reply to 991 gave hulk arrangement as the revenue co-operation apparently desired by China and as concerns Lappa he wanted only the *status quo*: 991 says if China gives, etc., but 989 says if Portugal gives, etc., and such change throws doubt on your influence and Chinese intention. Am anxious for answer to 975 and 972: if present negotiation fail, British Government may exert friendly influence as hinted by *Times*.—11th January 1887 (971).

Hart to Campbell.

1. The co-operation wanted is this: either allow depot ashore, Macao giving Chinese revenue work Portuguese official aid, as Governor arranged; or do not oppose hulk afloat and leave it to

ourselves to secure revenue: but outside stations must nevertheless continue. For above co-operation China will either silently let present position continue, or treaty will formally recognise it: present position means Government administered by Portugal; but formal recognition must particularise perpetual lease rent free, or omitting expression perpetual lease arrange annual five hundred Haikwan Taels payment: if word tribute objectionable, might arrange call payment, simply payment. 2. Last August Tsungli Yamên accepted status article but rejected it when Governor wanted Lappa: last week Tsungli Yamên declined negotiate but eventually sanctioned sending 989: any additional concession hopeless. I question if Portugal can ever again get equally good terms! Remember China has never recognised but always refused to recognise Macao as Portuguese territory: nevertheless China will authorise present position to continue if Portugal co-operates as required. I repeat recommendation: accept! 3. Chinese read status article drafted by Governor as formal cession of Chinese territory; Tsungli Yamên draft cedes no territory but changing nothing engages China to respect what China never recognised namely status of Macao, *i.e.*, Government administered by Portugal alone. 4. We would prefer friendly co-operation: because convenient for China and best for Macao; but we can do without it: whether obtained or not we commence opium work February.—*10th January 1887 (988).*

Campbell to Hart.

Query does map D in Canton 1874 Trade Report correctly define Macao limit? Will outside stations inconvenience Macao if revenue co-operation given? *Times* correspondent insinuated French and Portuguese negotiations concerning Macao during the war: Minister, Billot and Governor deny it absolutely. Doing my best but remember Portuguese pride! 989 offer unpalatable and negotiation discredited.—*13th January 1887 (969).*

Hart to Campbell.

If Council reject Tsungli Yamên basis, ask Minister will status article in this sense suit, *viz.*: Portugal and China agree 1. Macao land territory Government continues administered by Portugal. 2. Macao water foreign vessels, etc. continue under Portuguese jurisdiction. 3. Macao water Chinese vessels, etc., accept Portuguese jurisdiction in civil and criminal matters not connected with revenue, but shall be under Chinese Custom House jurisdiction in revenue matters, etc. 4. That Custom House directed by Commissioner under I.G. shall be established in Lappa collecting tariff duty, etc.

5. That stations shall be under Commissioner and shall simply examine documents but not collect tax. 6. That Chinese vessels may visit Macao freely and without different taxation. 7. That Macao makes law ordering all vessels foreign and Chinese discharge their opium into Customs hulk. 8. That Portugal will support Commissioner if circumstances require it, etc. Would that do? If suitable, perhaps Minister might sent it back as reply to Tsungli Yamên proposal! Private: craftily emphasise sixth point and faintly suggest value of clause, for whatever China can permit China can also prohibit: how could Macao exist were all Chinese vessels to forsake it, etc. Confidential: Hongkong Macao stations all placed under me in opium matter: Commissioner for each division and Clayson with six large and nine small steamers made coast guard Commissioner: serious preventive measures prepared! Take dog and reflection story for text and preach sermon on substance better than shadow, solid matter better than empty form, danger of risking matter for form, perpetual lease better than disputed ownership, etc.—13th January 1887 (987).

Hart to Campbell.

Lappa: Tsungli Yamên will neither recognise nor constitute it a Macao dependency. Status: Tsungli Yamên will only authorise or recognise Portuguese administration of Macao Government, with condition of either lease or annual payment. Co-operation: must at least be all draft convention proposed. Outlook: Tsungli Yamên desire discontinue matter but I continue it desiring arrangement and preferring friendly co-operation to hurting Macao by preventive means.—13th January 1887 (986).

Hart to Campbell.

Tsungli Yamên will give commercial treaty with status article recognising administration of Government of Macao itself by Portugal subject to lease or payment, and nothing more; Tsungli Yamên want such co-operation as will secure full collection of opium revenue, and nothing less.—14th January 1887 (985).

Campbell to Hart.

Long discussion with Minister who hopes good feeling of both countries will settle matter: expect answer Wednesday. Private: Minister asked if Macao gave Hongkong arrangement, would that secure revenue collection: I replied judging from your telegrams, No!—16th January 1887 (966).

Campbell to Hart.

From Minister: Translation: Council, after mature examination and with utmost desire to fortify friendship lasting over three centuries, proposes as acceptable basis for definitive negotiation one of two plans. First plan: first, recognition by China, in Treaty of Friendship and Commerce, of perpetual occupation and Government of Macao and its dependencies by Portugal, excluding Lappa; second, obligation by Portugal never to cede Macao to a third, *tierce*, power without assent of, *sans accord avec*, China; third, co-operation of Macao Authorities for opium collection: Portugal agreeing to Maritime Depot, *i.e.*, hulk afloat, with Chinese section for collecting duty and European Commissioner appointed by Inspector General for management thereof; fourth, suppression of Customs Stations around Macao rendered unnecessary by establishment of Maritime Depot. Second plan: first, simple Treaty of Friendship and Commerce with all usual clauses; second, co-operation of Portugal for collection opium duty on conditions nearly similar to those that may be established at Hongkong. *N.B.*—Two first clauses of first plan together constitute a guarantee quite conform to Chinese desire and equivalent in effect to perpetual lease without rent which, expressed in this manner, would render Treaty unacceptable by public opinion and Chambers.—19th January 1887 (965).

Hart to Campbell.

1. Map limits are what Macao Governor claims: China never recognised claim but Canton provincial action has respected limit generally, to avoid trouble. 2. Hulk is essential but Stations must also continue. 3. 985 is our offer: if Council reject, telegraph briefly but precisely what Portuguese offer instead.—17th January 1887 (984).

Hart to Campbell.

Chinese New Year holiday will delay definitive reply: fear Minister's 965 basis unacceptable unless slightly modified. First basis: will Minister modify third and fourth clauses? to read third co-operation of Macao authorities for opium collection: Portugal to admit Chinese opium hulk: all opium arriving to be stored therein: hulk to be managed by Commissioner appointed by Inspector General: fourth Stations round Macao to function managed by Commissioner. Second basis: will Minister add a third clause, *viz.*: Commissioner appointed by Inspector General to reside at Macao to issue permits to pass Customs Stations to such junks as elect to take permit rather than be delayed at Stations. Ask Minister and communicate explanation given in next.—22nd January 1887 (983).

Campbell to Hart.

From Governor: am sure opium revenue quite secured by hulk arrangement without stations, and believe, should experience prove the contrary, Government will do whatever possible for effective revenue co-operation.—*20th January 1887 (964).*

Campbell to Hart.

The words, excluding Lappa, at end first clause, first plan were added at my request to original version to show that Lappa request is now wholly withdrawn: you may omit words if you like.—*20th January 1887 (963).*

Campbell to Hart.

Macao limit: what about International Law and right of Custom and tradition, etc.! If agreement arrived at, Ministry hope to carry it through with their majority in new Chamber but they risk their existence as strong press and Chamber opposition against hulk arrangement and Lappa renunciation is said to be certain.—*20th January 1887 (962).*

Campbell to Hart.

Why not grant right of perpetual occupancy, etc., reserving right in nature of post liminium, *i.e.*, declare territory shall revert to original owner in case of abandonment. International Law draws clear distinction between right of dominion or property. Or China might recognise occupancy with administration and government so long as such are actually in hands of Portugal. I myself think privately clause two might be worded thus: never to cede Macao to any Power except China as sovereign of the soil.—*20th January 1887 (961).*

Hart to Campbell.

Explain: 1. Depot ashore managed by Portuguese with Chinese Section is intelligible, but hulk afloat could not function satisfactorily unless solely and wholly under Commissioner: whatever opium opium farmer wants for boiler for export or Macao consumption would naturally be passed free. 2. Canton Authority prevailed upon Peking to retain stations at least temporarily, but under Commissioner with fixed tariff and regulations inconvenience will be reduced to its minimum and if other clauses work well stations will probably cease. 3. Addition of third clause to second basis

will benefit Chinese junks: it will be optional with them, and similar practice will be established at Hongkong. If Minister admits these modifications I believe Tsungli Yamên will accept.—22nd January 1887 (982).

Campbell to Hart.

Minister cannot answer without consulting Council but his personal impressions are these: First basis: third clause may perhaps receive modification but such modification only render all the more just, equitable, and necessary the closing of stations round Macao. Public there and here would not permit hulk, etc. without suppression of stations and Council could not accept modification of fourth clause, except to this effect, viz.: Portugal is determined to give effective revenue co-operation and if experience proves further measures necessary, the two Governments can agree upon them: diplomatic relations being permanently and regularly established. Second basis: Minister does not understand what relation third clause addition has to revenue co-operation: Council proposed second clause, supposing that what Hongkong agreed to Macao could also agree to; but we do not know what Hongkong agreement really is.—25th January 1887 (959).

Campbell to Hart.

Minister said his position very difficult! He feared further interchange of personal impressions might further complicate matter here and Peking, as negotiation was growing worse instead of better. I said your telegrams showed how desirous you were to effect arrangement and explained similar proceeding in Paris. Minister said he placed himself in my hands and if I believed it advisable to convey his personal impressions, I could do so: both he and Governor had extreme difficulty to persuade Council to make 965 proposal and he felt that hulk arrangement was impossible without reciprocal suppression of stations as a palpable satisfaction to public and Chamber.—26th January 1887 (958).

Campbell to Hart.

Governor thinks preferable hulk under Portuguese jurisdiction with Chinese section because Harbour Master and Commissioner will work together and thus co-operation more effective: also stations unnecessary when hulk arrangement put in force and ask you what good are they?—26th January 1887 (957).

Hart to Campbell.

We can deal more powerfully with smuggling, etc. without any colonial co-operation but action would be more pleasant and friction less with co-operation: that is why I continue negotiation.—*28th January 1887 (981).*

Campbell to Hart.

From Minister: Translation: Council, having appreciated the modification proposed by Sir Robert Hart, has resolved to admit the Depot ashore managed by Portuguese with Chinese section under Commissioner: the stations round Macao being suppressed and Portugal being determined to give to China effective revenue co-operation. If however experience should prove further measures necessary, the two Governments would agree to this effect: diplomatic relations being then regularly and permanently established between the two countries. As to second basis, Council does not admit the addition proposed: the Commissioner in question being able to reside at Lappa.—*29th January 1887 (955).*

Campbell to Hart.

If further measure necessary, etc. ! Consider what this admission may eventually result in ! Thin end of wedge ! String may snap now if stretched further.—*3rd February 1887 (953).*

Hart to Campbell.

For Minister: Tsungli Yamên regard first basis favourably but request reconsideration of stations point. Hongkong says Hongkong Stations are unobjectionable if administered by me and provided junks trading with Macao and Hongkong are similarly treated: Tsungli Yamên will not suppress Hongkong Stations and therefore unable suppress Macao Stations, but all stations are to be placed completely and directly under me and junks trade, etc., will be freed from every delay and inconvenience: therefore please withdraw demand to suppress stations.—*8th February 1887 (980).*

Campbell to Hart.

From Minister: Council only admitted Depot ashore with Chinese section in order that stations, rendered useless, should be closed. I believe therefore Council will maintain this resolution, seeing there can be no comparison between conditions of Macao and Hongkong: the Commissioner being always able to verify the degree

of efficacy of Portuguese co-operation for opium revenue collection and to reclaim *faire réclamer* by his Government if he has cause to complain of negligence on part of Macao authorities. Stations being useless for opium revenue collection, for what are they otherwise necessary? Please answer and assure Tsungli Yamên that Portuguese Government will give as efficacious co-operation as possible. Private: Minister after privately sounding some leading Council Members, feels negative reply certain and sends above communication hoping it may be prevented. Governor has assisted greatly but says stations unintelligible: object effect number position etc.—10th February 1887 (952).

Hart to Campbell.

Stations collect from Chinese junks 1. Ordinary duty on general merchandise for Customs; 2. Special tax on same for provincial authority; and 3. Duty and likin on opium. Opium yields best revenue but is most easily smuggled: hence our special negotiations at Hongkong and Macao for opium alone. Those negotiations produced plan for opium only, and that plan is sufficiently satisfactory for opium; but plan does not provide for general merchandise and we lose revenue on it if we suppress stations: hence desire to maintain them. Very regretful if negotiation almost concluded breaks down here, but for reasons given, viz. duty and likin on general merchandise and necessity for treating junk trade at Macao same way as at Hongkong, stations must be maintained. Please reconsider point after this explanation. Tsungli Yamên would accept first basis if you accept stations; we could suppress stations if you allow Commissioner collect inside what stations collect just outside Macao red line limit.—12th February 1887 (979).

Hart to Campbell.

Tsungli Yamên memorial ready and Edict accepting first basis certain, but with stations continued: this proves negotiation real and promising, but collapse certain unless continuance conceded. Tell Minister.—15th February 1887 (978).

Campbell to Hart.

Expect Council reply to-morrow.—15th February 1887 (951).

Campbell to Hart.

Still under consideration.—16th February 1887 (950).

Campbell to Hart.

Fear Council will not accept depot arrangement together with stations continuance.—17th February 1887 (949).

Campbell to Hart.

Interview with Minister: stations continuing, depot impossible: written explanation with proposal this evening. Connect last and previous numberless telegrams with your 339 concerning 68 mission, etc., simply as distant future possibility resulting from Treaty. I feared string would snap if stations were pressed and seeing your 982 explanation did not help. By accepting depot without Lappa Ministry risked much, but depot along with stations would certainly smash Government and therefore impossible.—18th February 1887 (948).

Hart to Campbell.

If Council insist on suppressing stations, negotiation will collapse. Would it help matter to hint to Minister that Chinese preventive action may take the simple form of preventing Chinese vessels of all kinds from visiting Macao? As threat, this might spoil matter; but such card might win the game at this stage. Use your discretion.—18th February 1887 (976).

Hart to Campbell.

If Council reject suppressing stations proposal, etc., tell Minister second basis became unacceptable to Tsungli Yamên because reconsideration made it undesirable to leave Macao status unsettled: but Tsungli Yamên will accept second basis provided Treaty is given a supplement, viz.: a special and separate article containing second clause of first basis, *i.e.*, that Portugal will never alienate Macao without Chinese consent. Tsungli Yamên appreciate Minister's attitude and language, but Hongkong arrangement and outside criticism necessitate choice between two alternatives either first basis without fourth clause, *i.e.*, suppressing stations or second basis plus second clause of first basis, *i.e.*, promise not to alienate. As Revenue Officer I personally prefer working without co-operation: as international agent I desire friendly co-operation: but we must reject co-operation if it is either inadequate or offered on unacceptable conditions. We must close the negotiation this week: I require all March to arrange plan of working either with or without co-operation.—19th February 1887 (974).

Campbell to Hart.

Minister observed China could by *force majeure* starve or kill Macao but he rejected such hypothesis as unjust to China as civilized nation. Minister sympathetic with China: withdrawing Lappa request and preventing collapse here. I have got more than Governor ever thought possible.—18th February 1887 (947).

Campbell to Hart.

Public opinion here on Treaty with depot and stations will be reflection of Macao opinion and Chambers will not ratify it. Treaty with status article does not change state of things at Macao if stations not suppressed, whilst it introduces a depot with Chinese section under Imperial Commissioner which will create strong opposition there and here. If stations must absolutely remain, depot cannot be given without some compensation to conciliate public opinion, otherwise Government position will be untenable before Chambers. Our intention was to give the most efficacious co-operation without the stations and we hoped Tsungli Yamên would recognise our goodwill by suppressing stations. The possible compensation in present circumstances would be some arrangement about Lappa: Chinese Government to lease (a) portion of island to facilitate our co-operation. If, as you have already said, this is impossible, Council, seeing that Tsungli Yamên regarded first basis favourably, proposes as alternative for depot a co-operation identical to Hongkong co-operation, Commissioner issuing permits to reside at Lappa because, without doubt, Imperial Commissioner for this purpose will not reside at Hongkong. Then, first basis third clause would be Macao co-operation identical to that of Hongkong and fourth clause continuance of stations at Macao as at Hongkong. Above from Minister.—19th February 1887 (945).

Campbell to Hart.

I await reply to 945 before telling 974 to Minister. They argued here: Macao desiring to give effective, is it just that stations must continue because Hongkong will not give same co-operation! Besides Macao is related to China by old ties of hospitality, etc.—19th February 1887 (942).

Hart to Campbell.

Tsungli Yamên authorise this basis, viz.: 1. Treaty of Friendship and Commerce. 2. Treaty recognition of perpetual occupation and Government of Macao and its Dependencies by Portugal. 3. Treaty

engagement by Portugal never to cede Macao, etc., without Chinese consent. 4. Treaty co-operation of Macao Authorities for opium collection, etc., identical with Hongkong co-operation, etc. 5. Continuance of stations but to function under Inspector General. Communicate this telegram in writing to Minister and say some explanations and suggestions from myself will follow.—*1st March 1887 (972).*

Hart to Campbell.

Explanation: 1. Continuance of Hongkong Stations to check opium permit and collect ordinary duty on Chinese trade, and stipulation for identical treatment of Hongkong and Macao in this respect, compel China to continue Macao Stations. 2. I fail to understand Chinese attitude and reasoning concerning Lappa but Tsungli Yamên Prince will not listen to any mention of it! Still it is possible but not certain that when Plenipotentiary arrives to make Treaty Tsungli Yamên may think otherwise. 3. Details of Hongkong co-operation will be supplied to Macao Governor. 4. Commissioner will have house in Hongkong but office on Chinese territory. 5. Identical co-operation naturally implied *mutatis mutandis*. Suggested: 1. Plenipotentiary should possess authority to change fourth clause if satisfactory understanding regarding Lappa can be arranged, *i.e.*, authority to give depot instead of identical co-operation. 2. When telling Parliament and public, best say friendly understanding effected, Plenipotentiary to arrange details, and nothing more, thus avoid newspaper criticism, etc. Requested: 1. Operation begin Hongkong 1st April please instruct Macao give identical co-operation from same date. 2. Please allow Commissioner rent house Macao but office elsewhere. 3. Reply to 972 from Minister for Tsungli Yamên, and to suggested requested for myself, desirable. Finally for Governor: if you come as Plenipotentiary, I hope you will be my guest.—*2nd March 1887 (971).*

Campbell to Hart.

Foreign newspaper inspired intelligence during negotiation weaken Minister's influence. Chief difficulty has been stations but Minister recognised necessity after your 979 explanation and made Council yield.—*28th February 1887 (933).*

Campbell to Hart.

Council is in entire accord with Tsungli Yamên basis, as announced in your telegram of first March. It only remains now to

render officially regular the result of the negotiation in order to give effect to the arrangement. Please communicate this telegram in my name to Tsungli Yamên. Above from Minister, his explanations, etc., follow to-morrow.—*4th March 1887 (930).*

Campbell to Hart.

Translation: First, my best compliments and thanks to yourself. Second, explanation, etc.: First—semi-official negotiations having advanced to present point, it becomes necessary to give them official character so that they may follow their natural course without delay. Second—Portugal is ready to send special Plenipotentiary to Peking to arrange Treaty, and, provisionally pending arrangement of Treaty, to give by Royal Decree, from first April, fiscal co-operation at Macao identical to Hongkong co-operation; and for this purpose an Imperial functionary can have his private residence at Macao on same conditions as at Hongkong, his office being established outside Macao and its dependencies. Third—to render this arrangement effective and give co-operation in April, it is necessary beforehand to confirm result of negotiation by means of agreement or protocol: taking for example Chinese procedure with France in 1885: the basis agreed upon by both Powers constituting Protocol to be signed at Lisbon before telegraphic transmission of orders from Government for establishment of Macao co-operation from first April. Fourth—Royal Decree is indispensable to authorise co-operation even provisionally, and this Decree will be published immediately Protocol is signed. Fifth—confirmation of Imperial Edict to authorise Campbell signing Protocol with me might be telegraphed me through British or other Foreign Office. Sixth—Council would see with pleasure the omission of fifth clause in basis for Protocol, which would in no way change the reciprocal engagement to be established, because Macao co-operation will be identical to Hongkong co-operation which is based on continuance of stations under Inspector General: thus there is no doubt as to continuance of Macao Stations and in this form, which prejudices no change in clauses of Treaty to be established, whole arrangement would be well received by Chambers and public opinion in Portugal and Macao; whilst, being a concession of pure form, it would be much appreciated by myself personally as Minister. Above from Minister. From Governor: thanks for hospitality so kindly offered. Please persuade Tsungli Yamên omit fifth clause which is quite understood from fourth clause without being actually expressed in Protocol.—*5th March 1887 (928).*

Campbell to Hart.

Minister said privately he decided with Council best conclude arrangement as it stands now without mentioning Lappa again: men are mortal and Ministries changeable! but he intimated privately if any arrangement about Lappa and depot, etc., became advisable hereafter in common interest of both countries it could form subject of diplomatic negotiation after Protocol signed. I urged Protocol unnecessary but Minister explained impossible to give necessary Royal Decree or send Plenipotentiary unless negotiation result confirmed by Protocol after accepting Tsungli Yamên basis.—*5th March 1887 (927).*

Campbell to Hart.

Minister said he was accepting Hongkong arrangement blindfold and was taking extraordinary step in issuing Royal Decree on foundation of Protocol without consulting Chamber.—*14th March 1887 (925).*

Hart to Campbell.

Imperial Decree dated 17th March empowers Campbell to sign Protocol: Tsungli Yamên requested British Minister to send message confirming: compliments and congratulations!—*20th March 1887 (969).*

Hart to Campbell.

Protocol should embody these ideas in general language, viz.: Treaty will be made containing article confirming Portuguese perpetual occupation and Government of Macao and Dependencies with Portuguese undertaking never to alienate without Chinese consent and undertaking to co-operate in opium revenue work, etc., in same way as Hongkong. Protocol need not mention stations: you are instead to exchange letters with Minister, see Paris rice precedent, provided it is understood stations will function under Inspector General and that Macao begins co-operation 1st April. Private: Hongkong co-operation simply this: no opium to be imported or, opium farmer prepared opium excepted, exported except in whole chests; no opium to be moved without Government permit and movement permit to be communicated to Commissioner: Governor knows this and Hongkong will inform Macao. Morgan appointed Hongkong and Farago Macao.—*20th March 1887 (968).*

Campbell to Hart.

From Minister: I propose following draft Protocol, hoping form and language will meet approval as embodying the ideas of Tsungli Yamên basis namely: The Government of His Most Faithful Majesty the King of Portugal and that of His Majesty Emperor of China, having decided to regulate the friendly relations existing for more than three centuries between the two countries, have agreed for this purpose to a preliminary protocol. To this effect the undersigned Minister, etc., *i.e.*, name, rank, and titles, and Campbell, rank and titles, Chinese, French, English, duly empowered by their respective Governments, have concluded the following Protocol. Protocol: first, a Treaty of Friendship and Commerce with most favoured nation clause will be concluded and signed at Peking or Tientsin; second, China confirms perpetual occupation and Government of Macao and its Dependencies by Portugal; third, Portugal engages never to alienate Macao and Dependencies without agreement with China; fourth, Portugal engages to co-operate in opium revenue work at Macao in same way as England at Hongkong. Done at Lisbon in Portuguese and English. *N.B.*—I will exchange letters concerning stations continuing and functioning under Inspector General in same way as at Hongkong and provisional co-operation commencing first April if Protocol signed in time.—*23rd March 1887 (918).*

Campbell to Hart.

From Minister: first, if you see no real objection, I strongly and urgently advise for public and private considerations the addition to clause two of these words namely: as any other Portuguese possession, which will simply make clear and complete the sense of clauses two and three. I trust to your kind mediation for acceptance of this addition which will remove for me a serious political difficulty. Second, the word consent cannot be employed in Portuguese and word agreement is more friendly and reciprocal than word accord. Third, Portuguese word *obriga-se* is stronger than English word engage. Fourth, Protocol has been specially drawn to put Tsungli Yamên basis in form and language that will enable me to ask Parliament in present session to negotiate Treaty on Protocol basis and to exchange ratifications immediately after Treaty signature without further application to Parliament in next year's session and thus gaining a year! To word Protocol more vaguely or generally would render this expedient impossible. Fifth, I trust Protocol

will be accepted forthwith, so that provisional co-operation may commence first April and definitive co-operation follow immediately upon Treaty ratification.—*23rd March 1887 (917).*

Hart to Campbell.

Please remember Protocol, although formal, is really merely Memorandum of understanding respecting basis, and therefore general language is preferable to precise, preceding telegrams explain clearly nature of understanding: it is impossible to arrange exact words to be used in both texts by telegraph. Do not make mountains out of molehills! British Minister telegraphed Foreign Office Sunday to communicate confirmation through Legation Lisbon.—*23rd March 1887 (966).*

Campbell to Hart.

Present Macao Governor says he will resign if co-operation given before Treaty ratified. Macao and Lisbon Press say Treaty first co-operation afterwards. Minister therefore incurring grave responsibility but he accepts it. Minister has done everything possible and is most good-natured but I have had hard fight all along! Minister observed Protocol form and language should be conformable to dignity of both countries: Minister himself signing Protocol! Minister surprised your not sending him Imperial Decree! British Minister's communication is thus: Campbell authorised by Imperial Decree to sign Protocol setting forth conditions with respect to Macao in order that they may come into force from 1st April, irrespective of negotiations for Commercial Treaty which will be conducted by Portuguese Plenipotentiary in China.—*23rd March 1887 (916).*

Hart to Campbell.

I see no real objection: therefore add five words, viz.: as any other Portuguese possession. Similarly four words without agreement with China may stand for their real purport is same as four words without consent of China. Preamble should say His Imperial Majesty and first clause had better omit two words, viz.: or Tientsin. Tsungli Yamên memorial report negotiation and proposal in detail but Imperial Decree has two words only meaning negotiation confirmed or we accede to the proposal. British Minister gave only *précis* of memorial and Decree: I gave another: both meaning same, viz.: that Emperor empowers Campbell sign Protocol. *N.B.*—Not a

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but the Protocol, *i.e.*, the Protocol required by telegrams already exchanged: that Protocol could have been safely signed last Sunday. Sign forthwith and telegraph signature.—*25th March 1887 (964).*

Campbell to Hart.

From Minister: idea of Protocol explained as necessary in 928 is this: On one side Portugal first engages immediately never to cede Macao without accord with China, second engages immediately to give provisional co-operation from first April, and third promises to render co-operation definitive immediately Treaty signed and ratified: on other side China first recognises immediately perpetual occupation and Government of Macao and Dependencies by Portugal and second promises to negotiate in China and conclude Treaty of Friendship and Commerce. This idea is apparently confirmed by British Minister's communication as to Protocol setting forth the conditions with respect to Macao in order that they may come into force from first April: which must mean the settlement of Macao status, etc., but I would like to know exact text of Imperial Decree. Protocol signed in Paris contained immediate and definite engagements before making Treaty and my idea was that Lisbon Protocol should follow same example. From myself: word consent exists in Portuguese but cannot be employed because it implies asking permission, etc.—*25th March 1887 (914).*

Campbell to Hart.

Minister is powerless unless you agree to his proposal.—*25th March 1887 (913).*

Hart to Campbell.

For Minister: Protocol is to Treaty what provisional co-operation after Protocol is to definitive co-operation after Treaty. Protocol is not Treaty: it embodies mutual understanding and undertaking to make a treaty corresponding to that understanding. Paris Protocol was this and nothing more. Imperial consent consists of two words namely *E E Anglici* do so in reply to long memorial.—*27th March 1887 (963).*

Hart to Campbell.

For Minister: our idea is that Protocol binds China to fix or confirm Protocol by formal treaty when Plenipotentiary arrives: Protocol is not Treaty but is equally binding and for time being equally good. My 969 telegraphed Campbell Imperial authority to

sign and 968 instructed him what to sign. If we did not want co-operation from 1st April we would not negotiate Protocol: if co-operation is withheld China will not make Treaty. If you want Treaty forthwith, send present Governor North and Treaty can be concluded in April. The understanding already effected is safe and adequate: hesitation will imperil all!—29th March 1887 (962).

Campbell to Hart.

Protocol signed Saturday 26 March seven p.m.—26th March 1887 (912).

Campbell to Hart.

Letters exchanged *mutatis mutandis* refer to fourth clause Protocol and state it is understood stations continue Macao same way as Hongkong, functioning under Inspector General, co-operation commences provisionally 1st April and only definitive upon ratification Treaty. Royal Decree probably telegraphed Macao to-night and published Lisbon tomorrow. Act done, Minister now trembling, fearing Macao feeling against arrangement. Parliament will say why not have negotiated Treaty instead of Protocol! Please explain before Parliament meets to relieve and reassure Minister China means what she says.—28th March 1887 (911).

Campbell to Hart.

Minister writes you can telegraph Sir Robert Hart in my name that Royal Decree has been published to-day and telegraphed Macao yesterday immediately after King's signature. You can add that his explanation in yesterday's telegram on import and signification of Protocol have satisfied me and I hope all will go well till conclusion of Treaty. From myself: Decree clearly shows Protocol is not Treaty.—29th March 1887 (909).

Hart to Campbell.

For Minister: Personal assurance and explanation from myself could not increase value of Campbell's signature he has signed as the representative of the Chinese Government *ad hoc*. The Treaty itself need give no trouble whatever; but Your Excellency will do well to warn Portuguese Plenipotentiary to avoid asking Tsungli Yamên for any novelty before consulting me. For Governor: you see you have beaten me, you get more and myself less than we originally offered each other! When will you arrive Peking? Remember to bring an extradition clause! What staff accompanies you? For

yourself: you present my thanks to Minister and Governor for their co-operation throughout the affair; the Protocol renders Portugal a signal service, but I trust China will profit too. Attend opening of Chamber if possible and telegraph reception of Ministerial explanation. Communicate confidentially substance of Protocol to British Minister for Foreign Office. Return to London forthwith.—*31st March 1887* (960).

Hart to Campbell.

Important: Recommend Minister not to designate China action as a cession of territory in Parliament explanation: see 988! Injudicious or boasting language may create difficulty for the Treaty negotiation. A Reuter just received will cause embarrassing criticism here.—*31st March 1887* (959).

Campbell to Hart.

From Minister: We have never designated and will not designate action as cession of territory but we cannot prevent ill intended or inspired newspaper telegrams, etc. Governor has telegraphed he believes Hongkong Council may make objections to some points of arrangement which may delay decision for a month. Portuguese Government has replied that pending Hongkong decision co-operation is not to commence Macao but when co-operation commences Hongkong it must immediately commence Macao. From myself: Minister has informed British Minister who has telegraphed Lord Salisbury. Just presented to King who expressed best thanks to you and best wishes for China, etc.—*31st March 1887* (908).

Campbell to Hart.

Minister and Governor return best thanks, etc., to yourself. Minister assures you no injudicious or boasting language! A false Reuter appeared also in London press but Protocol published here with Royal Decree will speak for itself and destroy falsehood.—*1st April 1887* (906).

●

Revenue Cruisers for the Customs Service.

No. 1153	Staff	INSPECTORATE GENERAL OF CUSTOMS,
N.R.S.	No. 2787	PEKING, 16th May 1887.

SIR,

1.—In telegrams recently sent to you* I authorised you to arrange with Sir W. Armstrong & Co. for the building of three Revenue Cruisers for the Customs Service. I explained that two of the three are to be vessels of about 500 tons and the third to be 700 or thereabouts: they are not to be men-of-war, but are to be first-class vessels of their size of the ordinary passenger-vessel type, fitted however for special service and to carry each a couple of Armstrong breech-loading twenty pounders and a couple of machine guns, and provided with a proper supply of rifles, revolvers, and cutlasses: they ought not to draw more than ten feet and should be handy vessels, good sea-boats, and able to steam about ten knots at sea: they are to be twin-screws, and the engines should be of a kind that will not occupy great space or burn much coal, and provision should be made for raising the anchor by steam: rolling chucks should be put on them, and their general arrangements—poop, forecastle, bridge, etc.—should resemble those of *Lingfeng* and *Feihoo*: during their building, Mr. Hext,† now at home on leave, and whom I have authorised you to employ temporarily in the London Office, is to be consulted, more especially for deck, bridge,

* "Three steamers wanted for revenue work; twin-screws, broad beam; good sea-boats; speed ten knots at sea; draft, ten feet; tonnage, one 700 tons, two 500; armament, two twenty pounder breach cannon and two machine guns. What cost? When ready? Wire round numbers; estimate for iron or steel, or iron frame and wood, etc."—Telegram of the 21st December 1886 from Sir Robert Hart to Mr. J. D. Campbell.

"Three cruisers: ordinary steamers will do. Do not require men-of-war! Two of about five and one of about seven hundred tons, of best steel, to go ten knots at sea, with twin-screws; two twenty pounder guns and two machine guns, not to draw more than ten feet; handy vessels and good sea-boats; to have rolling chucks, poop, and forecastle, and general arrangement to be *Lingfeng*. Consult Hext: then ascertain cost, rigged and ready for sea. Give refusal to Rendel, Armstrong & Co. but if job too small, enquire elsewhere: should be cheap but good; no fads wanted!"—Telegram of the 15th April 1887 from Sir Robert Hart to Mr. J. D. Campbell.

"Armstrong will build three cruisers, one 700 tons £20,200, and two 500 tons £17,700 each, one third with order: highest class Lloyd's with fittings, etc., highest class passenger ships, all complete and ready for sea; no extras; speed twelve knots measured mile to ensure ample ten knots at sea."—Telegram of the 21st April 1887 from Mr. J. D. Campbell to Sir Robert Hart.

† Mr. G. Hext, who first went to China as 3rd Officer in the *Delta*, joined the Customs Service in July 1877 when he was appointed 2nd Officer in the *Feihoo*. He was promoted to be 1st Officer in February 1881, and held that rank till June 1888, when, as a reward for the successful superintendence of the building of the above-mentioned revenue cruisers, he was transferred to the Indoor Staff and appointed 2nd Assistant, A. He remained in this rank till his resignation in April 1895

and internal arrangements, and as he has served some years out here he is well qualified to suggest beforehand (and should suggest them *beforehand* and not ask for changes to be made afterwards) all those little arrangements which contribute so much to the comfort of those who have to live on board and to the general handiness of the vessels, but which builders who adhere to a type and shore-going people who do not know what it is to be at sea, are neither likely to think of, nor willing to introduce: the vessels may carry either two or three masts—are to be provided with the proper number of boats of the whaleboat type, one of which is to be a steam-launch—and when delivered, should be ready for sea: they are to be provided with all the things that are required for the various state-rooms, cabins, and messes, etc., etc., etc. Your reply telegram No. 608 of the 21st April informed me that the cost of the three would be £55,600, one third with the order, and on the 25th April I telegraphed to you to proceed with their construction forthwith, and also wired to the Bank of England to issue to you from my official account £20,000 to enable you to pay the first instalment of the price. I presume you have ordered the vessels and drawn the money, and I now enclose a cheque No. 143 dated ^{16th May}_{25th April} for £20,000 in your favour, to be handed to the Bank so as to record the transaction in the usual way.

2.—I wish these three vessels to be as similar in armament and engine arrangements as possible, so that what fits one may fit all three. It might be well, too, to give numbers to the various important parts of the engines, guns, etc., so that if duplicates should ever be wanted, they could be got, and of the exact size required, by simply ordering such and such a *number* to be supplied.

3.—Mr. Hext is, you know, at home on leave and on half pay. This leave half-pay will continue to be issued by the Canton Customs, but I authorise you to issue the other half in sterling, £16 13s. 4d. a month from the 1st instant from your office funds and up to the end of the month in which the vessels eventually start for China.

4.—I hope all three vessels will get off from England for China at the latest before the end of January next.

I am, etc.,

ROBERT HART,
Inspector General.

J. D. CAMPBELL, Esquire, C.M.G.,
Non-Resident Secretary,
LONDON.

**Memorandum by A. E. Hippisley, Commissioner of Customs,
submitted to the International Tariff Revision
Commission at Shanghai, June 1902.**

Art. VI of the Protocol of the 7th September 1901 agrees to "l'élévation à cinq pour cent effectifs du tarif actuel sur les importations maritimes, y compris les articles qui jusqu'à présent entraient en franchise, à l'exception du riz, des céréales et des farines de provenance étrangère, ainsi que de l'or et de l'argent monnayés ou non-monnayés." But "tous les droits sur les importations perçus *ad valorem* seront convertis en droits spécifiques autant qu'il soit possible de le faire et dans le plus bref délai. Cette conversion sera établie comme suit:—

"On prendra comme base d'évaluation la valeur moyenne des marchandises au moment de leur débarquement pendant les trois années 1897, 1898 et 1899, c'est-à-dire, la valeur du marché, déduction faite du montant des droits d'entrée et des frais accessoires."

From this it follows, first, that China is entitled to an effective 5 per cent import duty; and, second, that as *ad valorem* duties are open to objection, they shall be converted into specific duties, the basis of conversion being the average value of the goods at the time of landing during the three years immediately preceding the Boxer outbreak. As it happens, the selection of these three years would have worked injustice to China and have rendered it practically impossible for her to obtain an effective 5 per cent duty—which the Powers had admitted she was entitled to—even had the gold value of the tael remained on or near the level it occupied during those years; because 1897 was a year of exceptional commercial depression and prices ruled abnormally low, and those of the two following years were below the average. Since the Protocol was signed, however, a serious fall in the gold value of silver has supervened, which has rendered the tael value of goods during the three years named altogether unfitted to secure to China the effective 5 per cent import duty to which it has been admitted she is entitled. The gold value of the Haikwan tael has fallen from 2s. 11½*d.*—the average value during the years 1897, 1898, and 1899—to 2s. 6⅝*d.* (one tael Shanghai currency = 2s. 3*d.*), and the best expert opinion available inclines to the probability of a further fall rather than to a rise in this value in the future. Taking, however, the rate named and the average tael prices of Foreign goods imported during the years specified in the Protocol, China would on this basis receive, not the effective 5 per cent duty agreed to, but a little less than

4 $\frac{1}{4}$ per cent. Any idea that the Powers would take advantage of this unanticipated state of things to withdraw with the left hand what they had given with the right being inadmissible, the only conclusion to be drawn from the Protocol is that China was to secure an *effective* 5 per cent import duty. To give effect to this intention, while at the same time conforming to the terms of the Protocol, the only course appears to be to fix the rates of duty leviable in the following manner.—

To determine the average value in taels at the time of landing of each article of merchandise imported during the years named, to convert that value into sterling at the average rate of exchange ruling during those years, and, having reconverted that sterling value into taels at the rate of exchange now ruling, to fix the duty payable at 5 per cent on this latter value.

SUGGESTIONS CONCERNING A UNIFORM CURRENCY,*

BY

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Presented to the "Wai-wu Pu" (Board of Foreign Affairs.)

1.—While the various countries of the world possess a gold standard, China at the present day is still without it and yet continues the use of silver money. It is not because other countries have no silver money, but since gold began to have a steady value regulations were made for a fixed ratio between gold and silver. China not only has no gold currency but her silver money, even, has no uniform weight or appearance, nor has she a fixed ratio of exchange, between the two metals, so that, whenever there is need for gold it must be obtained at market rates. For this reason people in China labour under the difficulty of fluctuating rates of exchange at various hours of the day. Moreover the silver dollars in use are limited in number, the balance of the currency being

* Extract from "North-China Daily News," 3rd July 1903.

largely made up of silver ingots and lumps. These lumps and ingots of silver are merely so much silver in the mass, and in the barter for goods are much inferior to the silver dollar. During the past twenty to thirty years the output of silver mines has been exceedingly great and much more than is needed for use by the various countries of the world, and it is increasing from year to year so that silver has become cheaper and cheaper and the purchase price, as compared with gold, gradually less and less. Hence it would be much wiser for China to maintain a gold standard instead of a silver one as at present, since silver has dropped down to such a degree, and moreover possesses no certain or uniform exchange, even within the limits of a single day. The hundreds of trades are all disastrously affected by the present state of the currency, while the Government having to pay its foreign debts in gold, both country and people are being plunged into the depths of financial distress. The conditions pictured in the foregoing therefore compel one to seek some plan whereby they may be ameliorated, and so make it that China, while still using a silver currency, shall so fix a uniform exchange between silver and gold that there may be no danger of uncertain fluctuations. With this object in view I now proceed with my suggestions.

2.—If the Chinese Government possessed a large quantity of gold this metal might be struck into gold coins, and then a fixed exchange could be decided in their relation to silver money. This naturally would be an easy matter to put into force. But when we have no gold and only use a silver and copper currency, it becomes incumbent upon us to decide upon some method to bring about a fixed ratio of exchange between gold and silver. If it could be possible to do this by making only slight changes in the old methods of exchange, so much the better, as it would obviate the necessity of making the people suffer on both accounts. When there is no gold, and yet it is determined to maintain a fixed ratio of exchange between gold and silver, it is necessary to create a silver currency of a uniform weight and fineness, and in quantities sufficient to meet the needs of the whole empire. To do this a Mint to strike these coins is of paramount importance and indispensable. The Central Government must establish a special Mint of its own which shall strike all the coins needed according to fixed regulations, and no branch mints must be permitted to be established elsewhere. As for the proposal to start a Government Bank, while there are, of course, certain benefits and financial advantage obtainable from such an institution, as a matter of fact such a Bank can have little to do with the making of a fixed ratio in the exchange of gold and silver.

3.—If it be decided to coin money to supply the currency needed for the whole Empire, it would be advisable to continue to retain the terms and weights of “tael” “mace” “candareen” and “li” (*liang, ch'ien, fen, li*) as the people are accustomed to their use. But in minting the uniform currency it will be necessary that it should not only be accepted at a fixed value throughout the Empire, but be also recognised and accepted at a fixed value in exchange for gold in the other countries of the world. This must be the main object in view and is of greater importance than that of being the accepted currency in our own Empire. Hence the “tael” must be made of such a weight as to correspond in value to a certain amount of silver, which should be decided afterwards, with the object of making it a recognised coin in other countries. It has been recommended by certain persons that in coining the new currency the American dollar should be made the standard, because the American dollar has already a recognised and fixed value in relation to gold in other countries. Others again have also recommended that the new silver currency be made each into a piece of coin one *Kuping* tael in weight, because the present market rate of gold exchange is eight *Kuping* taels for £1 gold. Either of the above suggestions is feasible, and in making the new currency it should be made into four kinds, namely, one-tael, five-mace, two-mace-and-a-half, and one-mace coins. Besides these silver coins there should be also struck two kinds of copper money, namely, ten-cash pieces and one-cash pieces (10 cash = one *fen*; one cash = one *li*). After the establishment of the Mint and the striking of coins of all kinds, it will then be time to decide when the new currency shall be launched upon the country. No other coins should be permitted to circulate in the Empire after this.

4.—As soon as it has been decided what coins are to be struck, proper regulations should be made with regard to the Mint to be established. If too many branch mints be allowed it is to be apprehended that the money struck may not be of uniform weight or fineness, and so confusion may be caused such as is now prevalent in this Empire and thus infinite trouble and obstruction to the reforms suggested may arise. The best way would be to select some central spot for the construction of one principal Mint which shall coin all the currency that may be needed by the provincial governments. With the exception of this principal Mint no other mints shall be allowed to be established. All the minting machinery now in use in the various provinces should be without reserve sent to the principal Mint in question so that there may be no waste of the money expended upon it. Besides the native workmen to be

employed in this Mint there should also be engaged certain foreign experts, namely, one superintendent, one examiner of silver, one head machinist, and one accountant, each having his special department of work. The one-tael and five-mace silver coins that are to be struck should be made of nine-tenths silver and one-tenth copper; the two-mace-and-a-half and one-mace coins should be made of eight-tenths silver and two-tenths copper. The, one-tenth and two-tenths silver balance thus obtained to be utilised as running expenses of the Mint. These coins being thus substantial no one will try to change them. When the Mint has been established, it should first begin with the work of coining into money the silver ingots deposited in the provincial treasuries, which should be all sent to the Mint to be turned into currency. Should silver bullion be brought to the Mint with the request that it be coined, the foreign examiner of silver should weigh it, and test its fineness. If these should prove satisfactory, the money already coined by the Mint shall be paid out in exchange for the silver bullion. Furthermore, as to the question whether the Mint shall issue silver notes or prepare silver certificates against the amount of silver coins deposited in its vaults, this is a matter of much importance and requires deliberation and further consultation.

5.—After the opening of the Mint, an Imperial decree should be issued prohibiting the circulation of any silver currency within the limits of the Empire other than that struck by the Imperial Mint. A certain limit of time must also be given for the stoppage of circulation, as money of the realm, of all silver sycee and silver ingots hitherto passing current as money, and granting permission to the possessors of such silver to take them to the Mint to exchange for the new currency according to weight of silver so brought. It should also be set forth by Imperial decree fixing the exchange value of the new currency, namely, how many taels shall be equivalent to one £ gold, and how many copper cash to the tael. With regard to the important question of making the new currency accepted in other countries the authorities of the Mint shall, after the issuance of an Imperial decree, appoint an officer to take charge of the duty of exchanging certificates issued by the Mint for gold. This officer shall be given a certain number of said certificates and shall be stationed either in China or abroad. Foreign merchants who have firms, business, or banks in China must use Chinese currency, and in order to obtain such currency are bound to apply to the above-named officer for these Mint certificates. Moreover in buying these certificates the foreign merchants must pay in accordance with the fixed rate of gold for silver currency as

determined by Imperial decree. After complying with these conditions, the foreign merchants may then exchange these certificates at the Mint for the new currency coined by it. The gold paid in exchange for the said Mint certificates may either be first deposited with the officer in question or be used to pay the foreign gold debts due by China, or be struck into Chinese gold coins in the future. Due note should be made of the progress of the scheme for the guidance of all concerned in the future. By acting in the manner indicated above the new currency will be a *fait accompli* and have free circulation, and there will be a recognised fixed ratio in exchange between gold coins of foreign countries and the new silver currency, to the benefit of international trade. This is one way of obtaining a fixed rate of exchange between silver currency and gold, which is only explained here in a general way, being too important a matter to be contained within the limits of these suggestions, and it will require careful and mature consideration and consultation to avoid mistakes at the beginning of such a great enterprise.

6.—If it be indeed desired to obtain a fixed rate in the exchange of silver currency for gold, there seems to be no other way of doing so except the adoption of the foregoing suggestions. It will also be necessary to arrive at an understanding with the banks of other countries and work in conjunction with them; but these are matters requiring much deliberation and attention, and should be taken up as the occasion offers. As to the question of whether China should have a Government Bank, this is also a most important matter, although it will not affect very much the question of bringing about a fixed rate between the price of silver currency and gold. Therefore the starting of a Government Bank may be left to some later period after the establishment of the present all-important matter. It is not a question which must be started before it. However, the various Powers all have Government Banks and have obtained benefits from their establishment, especially Great Britain. When China therefore has reformed her fiscal system, then it will be of advantage to also establish a Government Bank. There are six objects in starting a Government Bank: (a) to assist the authorities to collect and take charge of revenue and keep account of it; (b) to enable the collector of revenues to keep account of monies disbursed, etc.; (c) to take charge of the National debt and to pay off loans; (d) to take charge of monies deposited by the masses under the same terms and conditions as ordinary mercantile banks; (e) to do the same as other banks in investing government and private funds deposited with it; (f) to transmit for the government

all funds needed in the provinces and that which should be sent abroad. The above six clauses are the basis of a bank's existence. There is also a further important matter to consider in such an institution, and that is the necessity of appointing as few officials as possible to such a Bank in order not to interfere with the commercial nature of the place. Such a Bank having been established, it will have to work in conjunction with the Mint. The Mint may be even made a department of the Bank; if so it would perhaps greatly simplify matters. With regard to the establishment of branch offices or agencies of the Government Bank, they should be started as the need for them arises. Indeed, the present Customs Bank in the outports or any substantial financial institution may also be selected to take up the duties of such agencies in the usual manner like other Bank agencies.

The first and most important idea in these suggestions is of course the making of a fixed rate in the exchange of silver currency and gold. The next idea refers to the extension of the first on the understanding that the first idea has been made a *fait accompli*. Should it be determined to put into practice these suggestions, there are yet details connected with them which may be entered upon as each question arises.

Land Tax: the Inspector General's Suggestions *re* Collection,
Appropriation, etc., 1904.*

REVENUE MEMORANDUM.

PART I.

War has broken out in the East, and although the immediate cause is the opposite policies of Russia and Japan, its real origin is in the growing weakness of China. Whether it will terminate in two or three years or last five or six is hard to say, but when it does end, China may have a serious difficulty to face: to be able to secure a hearing then, and not simply obey orders, the opportunity to put her military affairs in order ought not to be neglected.

To be strong, a country must have soldiers, and to keep soldiers, a country must have funds. The Revenue of China, comprising Customs Duties, Salt Gabelle, Land Tax, etc., etc., etc., amounts

* Customs publications. II.—Special Series, No. 26.

now to only about *Tls.* 80,000,000 annually, and more than half of this is mortgaged for payment of Foreign loans, indemnities, etc.; therefore some change in the method of raising Revenue is absolutely necessary if the required increase is to be provided.

Many suggestions have been made by various advisers, but the only one which gives real promise of supplying the want is that which recommends rearrangement of the Land Tax.

Leaving out of consideration Mongolia, Manchuria, and the New Dominion, China proper may be said to be 4,000 *li* in length and as much in breadth: it therefore contains 16,000,000 square *li*. In each square *li* there are about 540 Chinese *mou* (Chinese acres); taking 500 *mou* as the equivalent of the square *li* in round numbers, China contains, say, 8,000,000,000 *mou*. If each *mou* were to pay as Land Tax 200 copper cash, and if 2,000 cash be taken as representing 1 silver tael, every 10 *mou* would pay 1 tael, and the whole superficies ought accordingly to yield 800,000,000 taels. But deduction must be made for mountains, lakes, and rivers, and allowance must also be made for bad harvests and unproductive soil; still, year in and year out, the superficies capable of paying Land Tax may be safely calculated as certainly one-half of the whole—although the former Viceroy Li *Chung-t'ang* estimated it at two-thirds,—and the Land Tax therefrom accruing as *Tls.* 400,000,000. No Revenue could be more surely relied on than this for both undiminishing amount and uninterrupted continuity; and not only would it leave a surplus after providing for every national requirement, but it could be collected without in the slightest degree damaging or inconveniencing the people.

If this general suggestion proves acceptable, a possible method of procedure will follow.

PART II.

Part I shows that the collection ought to amount to the large sum of *Tls.* 400,000,000, it therefore well deserves special attention. The Land Tax has hitherto been levied in a way that takes most from the people and hands least to the Government, while both exaction and malpractices flourish under it: if it be desired to deal with the matter efficiently, the procedure hitherto followed must be changed. Seeing that the tax is to be paid by the Chinese people, it would of course seem best for Chinese officials acquainted with Chinese conditions to propose the plan; but the simple suggestion now submitted would probably ensure the success of the experiment. If detailed and minute rules must first be waited for, the reform will be indefinitely delayed; it would therefore be better to adopt a

simple procedure, make a beginning, proceed step by step, and allow rules and regulations to evolve themselves as occasion arises and experience teaches. The suggested procedure is set forth below:—

- 1°. If an Edict were obtained ordering all the provinces to begin simultaneously, each would proceed in its own way, there would be no uniformity, and eventual success would be imperilled. It is therefore proposed to select a certain district in one of the prefectures of a province to start with, and to take in hand the neighbouring districts as soon as the first one is in working order.
- 2°. Supposing such a district chosen, the first thing to do is to appoint 10 efficient Expectant officials to it, to co-operate with the District Magistrate and thereby fit themselves for superintending extension in other districts afterwards.
- 3°. The Magistrate of the district selected is to divide it into four sections—northern, southern, eastern, and western,—and issue a proclamation ordering all land-owners to report their holdings within a month in a statement setting forth section, acreage, and boundaries, accompanied by a map of the ground. The Magistrate will then number and register the holding in the Sectional Register.
- 4°. The proclamation is further to state that the Magistrate will not send agents to measure, but will accept each report as tendered; should it thereafter be discovered that any owner had either falsely reported or not reported at all, both defaulting owner and non-reported ground will be rigorously dealt with.
- 5°. When an owner registers his holding, the Magistrate will give him a ticket, on which will appear an order to call at the magistracy during the first 10 days of the 10th moon and, exhibiting his ticket, pay in his tax at the rate of 200 copper cash a *mou*. For each such ticket a butt is to be kept in the yamên for identification and reference.
- 6°. Proclamation, report, registration, and issue of ticket must be completed within three months. The 10 Expectant officials detailed for duty at the magistracy will by that time have become acquainted with the procedure, and are then to be divided among the other districts of the same prefecture to co-operate

with each Magistrate in the work to be done in his district, and each is to be accompanied by 10 other Expectant officials newly detailed to learn the Land Tax procedure: as before, three months are to be allowed for the work to be done. At the end of the second period of three months the Land Tax arrangements of one prefecture will have been completed.

- 7°. When the second period of three months ends and one prefecture with all its districts is in order, the 100 Expectant officials who co-operated with the Magistrates in arranging the Land Tax procedure for the 10 districts of the first prefecture are to be detailed for duty in all the districts of the other prefectures in the province, and are to be similarly given three months to start the new procedure in all those other districts: at the end of this third period of three months—that is, after nine months in all—the preliminary Land Tax arrangements of one province will have been completed.
- 8°. At the end of its three months of preliminary work each district is to submit a report to the Prefect of the prefecture: the report is to state how many *mou* each of its four sections (north, south, east, and west) contains, and how much the Land Tax, calculated at 200 cash a *mou*, ought to amount to annually. The Prefect will then report to the higher provincial authorities, and they, in turn, to the Board of Revenue (Hu Pu), where the reports will be archived for future use.
- 9°. Whenever registered land is sold, seller and purchaser are to report transaction at district magistracy, and either take out new ticket or have sale recorded on original one and in Sectional Register.
- 10°. During first 10 days of 10th moon each landowner is to repair to magistracy with ticket in hand and, according to size of holding, pay in Land Tax either there or at prescribed bank and obtain receipt. The Magistrate will record payment in Sectional Account Book, and, when all have paid, forward amount to prefecture for transmission to provincial treasury and report through Governor and Viceroy to Board of Revenue. Whoever fails to pay at appointed time incurs a penalty to be then decided on.

- 11°. When owners go to magistracy to register holdings or pay tax, the employés of the magistracy are not to demand or receive any fees nor is the owner to make any present. Further, no Magistrate is to collect a cash more than 200 per *mou* from owners or transmit less to treasury.
- 12°. The Land Tax arrangements of one province will have been completed during the first year, and thereon the 100 Expectant officials who co-operated in the work are to be forthwith distributed for similar duty among the five neighbouring provinces, where, accompanied by additional Expectants to learn the business, they are to follow the same course in introducing the procedure. By end of second year six provinces will be in working order.
- 13°. During the third year the Expectant officials detailed for this special duty in all six provinces are to be distributed among the remaining 12 provinces and similarly co-operate in introducing the new procedure. By the end of the third year all the 18 provinces will be in order.
- 14°. What precedes gives a general idea of the plan to be followed. Places and cases will naturally require rules and regulations: it will be best to await the case and then frame such regulations as suit the place; but the fewer such regulations the better. The procedure now suggested may admit of improvement or require amendment: it will be best, however, to defer any such change till the end of the third year, and then, every province being at work, introduce such modifications as perfectioning may really necessitate.
- 15°. While Viceroys, Governors, Treasurers, and Intendants are to be primarily charged with the responsibility of seeing the work properly done, the Board of Revenue is to depute some of its own officers to visit each province and select districts here and there for inspection, in order that all the advantages of uniformity may be secured in practice, records, and accounts. Once the three years are ended and the preliminary labour of introducing the new procedure completed, the work will be well in hand and the collection will soon be found to exceed the 400 million taels of the estimate.

PART III.

If it be asked what is to be done with so large a Revenue, the Government would of course be found to have its own ideas regarding expenditure: for the purposes of this Memorandum, however, there is set forth here-below a statement of what could be accomplished with it:—

1°. To ensure perfect security for people and State, to secure the profitable and ward off the deleterious, proper attention must be paid to military matters. For China four Army corps would probably suffice—one to be in Chihli, another in the Two Kiang, a third in Hukwang, and the fourth in the Two Kwang. Each corps ought to number, say, 50,000 men, and the yearly pay of its men would amount to, say, *Tls.* 5,000,000, while *Tls.* 500,000 would be set apart for 1,000 officers of the lowest grade, *Tls.* 500,000 for 500 of a higher, *Tls.* 500,000 for 250 of a still higher, *Tls.* 150,000 for 50 superior officers, *Tls.* 100,000 for 25 of yet higher rank, and *Tls.* 100,000 for 10 of the highest grade, or, in all, annually *Tls.* 6,850,000 for each corps. The four Army corps would thus cost, say, *Tls.* 27,400,000 annually. There ought also to be four military schools, and for each *Tls.* 500,000 annually should be issued, or, say, *Tls.* 2,000,000 for the four. For arms and ammunition *Tls.* 3,000,000 ought annually to be spent. The total annual expenditure would thus be *Tls.* 32,400,000 for soldiers on duty with the colours. There should be a fixed number of years for men on the active service list, and they should then be put on the first reserve also for a fixed term, and after that on the second; for men on the reserve list the expense might be calculated at half rate, or, say, *Tls.* 15,000,000 annually. In 10 years time there would be 500,000 trained soldiers on active and reserve lists, with yearly expenditure of *Tls.* 47,400,000, or, say, *Tls.* 50,000,000 in round numbers.

2°. Attention to military matters is of pressing importance, and yet even more important is the Navy, for with a Navy fighting might possibly be kept out of a country, but without it invasion is certain. China ought to have three fleets—northern, southern, and

central. Each might consist of 10 battle-ships, 10 cruisers, 10 destroyers, and 50 torpedo-boats, and sailors, etc., to the number of 10,500, on an expenditure of *Tls.* 1,050,000, with officers, say, 400, on an expenditure of *Tls.* 600,000, making a total for each division of *Tls.* 1,650,000, or for three divisions *Tls.* 4,950,000. To purchase the 240 vessels, large and small, for the three divisions would require an expenditure of, say, about *Tls.* 200,000,000: this ought to be spread over 10 years, and every year during and after those 10 years one-tenth, or *Tls.* 20,000,000, ought to be devoted to acquiring new vessels. There ought also to be three naval colleges, each costing annually, say, *Tls.* 500,000, or *Tls.* 1,500,000 in all. Naval expenditure would thus be yearly *Tls.* 26,450,000, or, in round numbers, *Tls.* 30,000,000.

3°. In connexion with each Army corps ought to be an Arsenal, and for each ought to be allowed annually, say, *Tls.* 2,500,000, or, in all, for four Arsensals *Tls.* 10,000,000.

4°. Seeing that the Land Tax collection promises to be so great, the opportunity ought to be seized to place all officials on fixed salaries of an adequate and liberal kind, so that they would no longer find it necessary to take anything for their support from the people. The Government knows exactly how many officials are required, and the calculation which follows, while above rather than below the mark, is simply approximate:—

	<i>Tls.</i>	<i>Tls.</i>
Say 20,000 Township Magistrates at 3,000 each, or	60,000,000	
2,000 District Magistrates	10,000	20,000,000
200 Prefects	20,000	4,000,000
100 Taotais	30,000	3,000,000
10 Salt Commissioners	35,000	350,000
20 Judges	40,000	800,000
20 Treasurers	50,000	1,000,000
20 Governors	60,000	1,200,000
10 Viceroyes	70,000	700,000
2,500 large yamêns annual miscellaneous expenditure	10,000	25,000,000
20,000 small yamêns annual miscellaneous expenditure	1,000	20,000,000
Peking Boards, etc.		12,000,000
Manchu garrisons . . say, 10 at 1,000,000 each, or		10,000,000

There would thus be required, to pay liberal salaries to all officials in the capital and provinces and provide adequately for the miscellaneous expenditure of their yamêns, about *Tls.* 158,050,000, or, say, in round numbers, *Tls.* 160,000,000.

- 5°. All the provinces are now establishing schools and universities, to improve education and develop talent. For the assured continuation and support of this important work *Tls.* 10,000,000 might be appropriated yearly.
- 6°. Every country regards the Post Office as an establishment which is most useful to its people, and China has already inaugurated the system: it ought to be supported by an adequate grant. Although the expenditure must at first exceed the income, it will not always be so: in a few years income will exceed expenditure. A sum of *Tls.* 1,000,000 might be granted annually for Postal support and extension.
- 7°. Telegraph lines are of the utmost importance to Governments, besides being of the greatest use to the general public. Like the Post Office, the Telegraph will in time pay for itself and show a surplus: *Tls.* 5,000,000 might be appropriated annually.
- 8°. Western States all set apart annual amounts for the support and use of the Reigning Family. The same might be done in China—say, *Tls.* 10,000,000 annually.
- 9°. To sum up: the Land Tax collection would suffice to meet an annual expenditure of *Tls.* 50,000,000 for the Army, *Tls.* 30,000,000 for the Navy, *Tls.* 10,000,000 for Arsenal, *Tls.* 160,000,000 for official salaries, *Tls.* 10,000,000 for Education, *Tls.* 1,000,000 for Post Office, *Tls.* 5,000,000 for Telegraphy, *Tls.* 10,000,000 for the Palace. The total amount thus expended—including a further sum of, say, *Tls.* 50,000,000 for Loan and Indemnity accounts, etc.—would be *Tls.* 326,000,000, and, the collection being *Tls.* 400,000,000, there would remain an annual surplus of *Tls.* 74,000,000, to be either deposited as a reserve fund or used for productive and beneficial expenditure. But care ought also to be taken lest the possession of such a surplus should encourage waste or lead to expenditure on foolish trifles.

In addition to the Land Tax, there would still be Customs Duties and Salt Gabelle amounting annually to, say, 40 or 50 million taels; this sum would suffice to meet Loan and Indemnity payments, and, once they are paid off, it would be well to abolish both, free commercial enterprise from every species of taxation, and thus promote the prosperity and increase the wealth of people and State.

PART IV.

This Memorandum shows in Part I how many *mou* (Chinese acres) China contains according to measurement of length and breadth, and what the Land Tax ought to amount to according to the number of *mou*: the calculation is correct and the estimate reliable. Part II recommends what is considered the best and most promising of all procedures to adopt for collecting the Land Tax. Part III sets forth what could be done with the Revenue Land Tax, so collected, would yield: every item of expenditure is for an important and indispensable object; the amounts allowed for each are adequate and liberal; although the total is large, there remains a considerable surplus annually; not only will collection not harass the people, but taxation will be relatively lighter than at present; owners will themselves visit magistracy and pay tax, and *yamên* runners will no longer descend on and fleece them; officials will receive large salaries and, being thus freed from private cares, will be able to devote themselves heartily to their duties; the Empire will be able to meet all its expenditure from this one source of Revenue and yet have a surplus balance.

A state of war now exists in the East, and none can tell which side will lose or which win, or whether fighting will be over in a few months or continue for years. But the scene of war is on Chinese territory, and the Chinese people in the neighbourhood will undoubtedly have much suffering to put up with. Once the war ends and terms of peace are to be negotiated, Chinese interests in both East and West are certain to be thereby seriously affected. Therefore China ought not to lose a moment, but make the best use of time and opportunity to plan and carry out every work of national importance so as to be ready to hold her own should matters that concern her rights and welfare be under discussion. The times we live in show that for nations to reap advantage or avert calamity might is almost of more importance than right: the country that wants to be strong must have funds, and in China there is only this one source of Revenue, the Land Tax, which seems likely to yield enough and more than enough quickly and continuously.

Some may object to the procedure as a new departure; but novelty is no reason for non-adoption: whether a plan should be adopted or rejected ought to be settled by its fitness and not by its age. Others may quote an old Edict, and protest against additional taxation or change in procedure: such objections are even more out of place, for, while no increase is proposed but only method and uniformity, the proposal bases itself on fact and the principle of the plan is suitability to the times—it is on this accordance with fact and this suitability to the times that successful accomplishment depends. Besides, than the procedure suggested nothing could be more simple to understand or more easy to execute: all that is required is honest performance of duty, and if there is this, the people will readily fall into line and officials be zealous and energetic. When submitted for Imperial consideration, the suggestion ought to be first of all well studied and its acceptance or rejection finally carefully decided on: once it is accepted, however, and ordered to be given effect to, no objection ought to be allowed or listened to—no matter who may be the objector. In weighing proposals, it is their fitness—their suitability to time and place—that is important, not their framer. For instance, this Land Tax proposal: are the calculations correct? are there so many *li*, are there so many *mou*, will the collection be so many taels? is the procedure feasible—is it simple, intelligible, easy to work, harmless? and, as for the objects the funds collected are to be applied to, will the funds really suffice? If the answer to these queries is in the affirmative, then go ahead! If the proposal is acted on, China will have more and more Revenue and will grow stronger and stronger as years roll on.

May this forecast prove correct at all points!

PEKING, 1st *March* 1904.

總稅務司所擬籌餉節略

光緒三十年正月二十一日奉

上諭外部代遞總稅務司赫德條陳一摺據該總稅務司稱練兵籌餉以地丁錢糧爲大宗若竭力整頓卽用此

款練兵並可舉辦各項要政按里計畝按畝計賦令每畝完錢二百文確可經久百姓亦不受絲毫擾累現在

財用匱乏幾於羅掘俱窮一切應行要政如練兵等事尤爲萬不容緩之舉需款更殷亟應切實通籌期有良

法著該督等按照所陳各節體察情形悉心會商逐條核復妥速具奏原節略著抄給閱看將此各諭令知之

欽此

總稅務司赫德所擬籌餉節略

籌餉節略第一

竊維現在東方兵衅已開固由日俄兩國各違所願然實由於中國積弱所致該兩國日後如何結局或須二三年或須五六年正難逆料惟至結局之日中國之大難卽作矣若欲彼時不受人指使反能令人聽我之言自非乘此機會力圖自強不可惟自強之道首在練兵練兵之要先須籌餉中國每年關稅鹽課地丁等項統計不過八十餘兆兩而還款賠款去其大半是非另籌的款不可近日論籌款者亦不少畫策之人而鄙意則總以整頓地丁一事爲較有把握也查中國地方寬長可謂各四千里

新疆蒙古三省地方未計在內 則統計面積卽有十六兆方里每方里內應有五百四十畝卽按五百畝計之則十六兆方里內應有八千兆畝若令每畝完二百個銅錢之賦按二千個爲銀一兩計之則每十畝應完銀一兩八千兆畝卽應完銀八百兆兩惟不能每年按此數計算緣年分有豐歉地土有肥瘠又兼各處山水按當日李文忠公會云可完錢糧之地有三分之二現卽以一半計之實徵應有四百兆兩之數一日有此地卽一日有此款較之他項進款確有把握確可經久國家憑此定大計應辦各事之款有益無絀而百姓亦不受絲毫擾累若蒙照行則此事辦法應另備節略呈奪

籌餉節略第二

按照首節所計應得四百兆之鉅款是地丁錢糧一事不可不力爲整頓也向來此事辦法莫患於取民者多歸公者少擾累日甚弊混日增今既亟圖整頓則此等辦法必不可行然以中國之民納中國之賦則中國之官熟悉情形擬定辦法似較勝取法於外人惟以總稅務司之意揣之若照後開各節舉行必可期有成效至於經辦之詳細章程竊以爲章程愈密則開辦愈遲反不如先行著手得步進步其詳細章程積久自成茲將大略辦法隨列於後

一若請

旨通飭各省同時一體開辦勢必各自立法反致紛歧不能劃一難求實效今擬先自某省某府內之某一縣地方起手此縣辦成推之鄰縣自可漸推漸廣

一若擇定某縣開辦卽請選派明幹候補人員十員隨同該縣辦理以儲日後遣往他處辦理此事之材
一應由該縣將本管境內分作東西南北四大段隨卽出示明白曉諭居民凡有地之家限一月內該業戶應將有地若干畝坐落某段暨四至方向開列一單並另具一圖親赴本縣衙內呈覈該縣接收後應卽在某段新立之冊簿內照原呈編號詳細註明

一已經註冊之地畝若業戶有售賣等事應由原業主暨買地人執持原領之諭帖一同赴縣報明即將諭帖上按所報情節更改或分別新發其地畝冊簿內亦一律照改

一至十月初旬應由各業戶執持諭帖親自赴縣署戶科或特指之銀號內按畝完納錢糧領取號收爲憑一面由縣將所收錢糧註入本屆錢糧帳內俟應收錢糧彙齊解由本府轉交藩庫存儲報明督撫轉咨戶部知照儻有已經註冊之地至期不來完納錢糧卽行議罰

一業戶赴縣報明地畝或完納錢糧時不得由該縣書差人役向其索取規費該業戶等亦不得自行餽遺各處徵收錢糧亦不得於二百文之外多取絲毫解庫時亦不得留支少繳

一開辦之第一年一省之事辦清卽應將隨學歷辦之一百員分赴附近五省照原省辦法由各縣開辦仍由各該省派遣候補人員隨同學習如此辦理至第二年底卽有六省地方辦清

一第三年應將六省隨學歷辦之人員分赴其餘十二省隨同縣官一體照辦至三年底十八省地方均已

辦清

一告示內應有一警戒之條云現在本縣不派人各處丈量任聽各業戶自行開報儻查出有未經赴縣呈報之家或日後丈量時查出有以多報少者即將未報之戶暨匿報之地科罰等語意

一業戶各自呈報縣署立妥冊簿後應由該縣發給業戶編號之諭帖各一張令其於每年十月初旬親持諭帖赴縣按照帖內畝數交納錢糧每畝二百個銅錢至所發諭帖應另備一簿留其存根以便對查

一以上出示報縣立簿發諭各事應限三個月內辦妥至三個月月底所派之十員每日在縣署會同辦公身歷目睹必已明晰即應分遣赴本府所轄各他縣會同各該縣照第一縣辦法限三個月內辦清仍於分遣時各派候補官十員分隨學辦至第二期三個月月底即可謂本省一府之事辦結

一第二期後應將隨同學辦之一百員分遣本省内各他府所轄之縣責成會同各該縣照辦至三期三個月月底即可謂本省一省開辦之事辦結

一每縣至三個月辦結時應將本縣四段內共有畝數若干按每畝二百文應有錢糧若干報明本府由政府詳呈上憲轉報戶部立案以憑日後覈對

一此事之大略辦法即係如此至各處各事必需之詳細章程應俟歷某事即定某章惟總以章程愈簡爲愈妙此大略辦法或有應刪應改之處至第三年各省一體開辦後再爲斟酌增損以期盡善

一此事原應責成各省督撫司道認真辦理尤應由戶部隨時特派部員前往各省任擇數縣抽查所辦事宜以期各省辦法暨所立冊簿帳目號收等項實得畫一之效三年後自必日有把握收數必可及四兆之譜而有餘矣

籌餉節略第三

按國家既得此四百兆之鉅款若問應作何項開銷執政者自必具有意見惟若使總稅務司主張之則可用此款者約有數項特爲開列於後

一保衛國民求益防損不能不講求練兵中國練兵可分四大隊大約足用一駐直隸一駐兩江一駐湖廣一駐兩廣每隊爲常備兵五萬人一隊中每年需兵丁錢糧五百萬兩又六等武弁一千人每年需五十萬兩五等武弁五百人每年需五十萬兩四等武弁二百五十人每年需五十萬兩三等武弁五十人每年需十五萬兩二等武弁二十五人每年需十萬兩頭等武弁十人每年需十萬兩共六百八十五萬兩此爲一隊之費合計四大隊共需二千七百四十萬兩又武備學堂四處每處年需五十萬兩共二百萬

兩又軍火軍械年需三百萬兩統計爲三千二百四十萬兩以上皆爲常備兵之用款惟常備應有年限滿爲續備又滿爲後備其續備後備之用款可按常備減半計算約爲一千五百萬兩如此辦理十年之內常備續備後備各陸軍可得五十萬人年費共四千七百四十萬兩

即按五千
萬兩計之

一陸軍應練自非緩圖然較此尤要者即爲海軍緣整備海軍遇有戰事均在國外若無海軍一有戰事即在國內查中國海軍應設爲三大隊一在北洋一在南洋一在適中之洋面每隊應有戰船大者十隻小者十隻水雷船大十隻小五十隻本隊水手共一萬五百人年需錢糧一百零五萬兩又本隊各項水師武弁四百人年需六十萬兩共一百六十五萬兩此爲一隊之費合計三隊爲四百九十五萬兩又購備三隊之大小二百四十船約需費二萬萬兩每年購備十分之一永無停止即每年應需二千萬兩又水師學堂三處每處年需五十萬兩共一百五十萬兩以上海軍共二千六百四十五萬兩

即按三千
萬兩計之

一陸軍海軍之外應設有機器局四處備辦軍械每處每年以二百五十萬兩計之共一千萬兩

一既有此項鉅數進款即應乘此機會將各官俸養另行整頓必使所得俸養足敷用度而有餘俾此外無庸向民多取所有文官之數政府自能知悉今即約略計之巡檢司約二萬員每員每年三千兩共六千萬兩知縣約二千員每員每年一萬兩共二千萬兩知府約二百員每員每年二萬兩共四百萬兩道台約一百員每員每年三萬兩共三百萬兩鹽運使約十員每員每年三萬五千兩共三十五萬兩臬司約二十員每員每年四萬兩共八十萬兩藩司約二十員每員每年五萬兩共一百萬兩巡撫約二十員每員每年六萬兩共一百二十萬兩總督約十員每員每年七萬兩共七十萬兩大署約二千五百處雜費每署每年一萬兩共二千五百萬兩小署約二萬處雜費每署每年一千兩共二千萬兩京中部院等大各衙門人員俸養雜費等約一千二百萬兩又各省駐防將軍以十處計之每處約需一百萬兩共一千萬兩以上京外各官俸養雜費按此計之每年共需一萬五千八百零五萬兩

即以一萬六千萬兩計之

一現在各省設立學堂自爲培植人材之要務應有可靠之的款俾不至半途而廢可以每年需一千萬兩計之

一各國皆以郵政爲便民之舉中國業已開辦亦應有一定經費惟此舉初時雖有入不敷出之情勢然辦過數年各處均有頭緒入款自可相抵而有餘現應以每年需一百萬兩計之

一電報局於國計大有關係且便商民其情勢亦與郵政相似初時必需經費日後所入必敷所出而有餘現可以每年需用五百萬兩計之

一泰西各國係於進款內提出若干作爲宮內之用中國照辦似可以一年需一千萬兩計之

一總之照以上每年陸軍需五千萬兩海軍需三千萬兩機器局需一千萬兩文官俸養需一萬六千萬兩學務需一千萬兩郵政需一百萬兩電報需五百萬兩宮內之用需一千萬兩此外另有應還賠借兩項年款約計需伍千萬兩以上各數統共需銀三萬二千六百萬兩即三百二十六兆以所收四百兆地丁錢糧計之

除三百二十六兆用款外應餘銀七十四兆

即七千四百萬兩

或存儲以備不虞或隨時提撥以辦利國利民之要

舉均可但不得因有此項餘款供無益之玩好已耳除地丁錢糧之外尚有關稅鹽課等項進款每年約四五千萬兩之數儘可充作還款賠款之用俟各款清償後不若將此等稅課盡行裁撤俾百姓貿易自由且有藏富於民之效也

籌餉節略第四

前已將第一二三節略備呈其第一節略之意係地丁錢糧應徵之數所核計者按里計畝按畝計賦確屬可憑毫無疑義第二節略係陳此事之辦法辦理此事之法固多而總稅務司之意則以所陳之辦法爲確有把握第三節略謂國家得此鉅款應辦各事之開銷所列各事均屬切要不能不辦之舉所估各數皆有餘裕並不刻薄開銷雖多歷年尚有餘款所擬整頓之法不但不能騷擾百姓且牽扯計算每畝較現納之數減少况業戶到縣自納又可免吏胥下鄉追呼之苦至於各項官員既經優給俸養則內顧無憂私念盡去自必安心辦公無所縈懷國家應辦各事皆可自此項進款內開銷而有餘現在東方兵衅已開將來執勝孰負或須數月或須數年無人可以逆料惟現在戰場係屬中國地方附近各處人民必致大遭蹂躪而一至兩國結局之時其和議各條必有關係中國東西大局者是以中國此時須盡力盡法乘機圖謀辦妥各事以便至彼時將應發之言可以盡行提出且能令人順從而不抗綜論現時大勢欲求就益防損只在一言曰尙理尤須尙力欲尙力必求自強欲自強必須籌款而各他項進款皆不能敷用而有餘惟此整頓

地丁之一法爲充足爲有效也或有議此事爲創始之新法者則不必因爲新法而阻攔不行事之可行與否在求其合宜而不必拘其新舊又或謂

祖訓永不加賦現不可妄議更張此言尤屬非是現所擬者並未加徵只須按一數徵齊各處一律而已此事之圖成在有實事求是之心而此事之改法實欲收因時制宜之效且整頓之法簡而易行只在認真辦去則民必樂從官皆致力惟奏請

聖裁仍應細爲酌定行止一經執定照行宣示中外則無論何人不得諫阻卽阻亦不必聽信其言凡有條陳各事者只論其與時事如何不必論其爲某人所擬卽此整頓地丁一事先察其所計里數畝數暨徵數是否確實再審其所擬辦法是否輕而易舉必無擾累再計其所指之徵數以之辦所列各事是否的實能否敷用如果查其確有把握再爲議定施行總稅務司之意以爲此事若行則中國之進款必將逐年增多而中國之強力亦必逐年增厚不禁企予望之

An Inquiry into the Commercial Liabilities and Assets of China in International Trade.*

Attention has been recently drawn to the adverse balance of trade in China as gauged by the statistics of visible imports and exports published in the Annual Returns of Trade at the Treaty ports. The values, at moment of landing and shipping respectively, of the merchandise imported and exported, and of the recorded movement of treasure, during the last 10 years have been as follows:—

YEAR.	MERCHANDISE		RECORDED MOVEMENT OF TREASURE.	
	Imports.	Exports.	Import.	Export.
	<i>Hk.Tls</i>	<i>Hk.Tls</i>	<i>Hk.Tls.</i>	<i>Hk.Tls</i>
1894 .. .	139,569,201	144,690,042	13,613,000*	
1895 . . .	150,244,490	160,696,753	30,061,000*	
1896 . . .	177,630,606	146,929,091		6,394,000*
1897 . . .	177,915,163	181,769,995		6,870,200*
1898	184,486,528	177,165,384		2,981,818*
1899 .	233,953,853	217,610,004		6,368,335*
1900 . . .	185,870,551	176,680,221	16,644,527*	
1901 .	237,871,600	187,954,894	14,362,496	27,035,611
1902	300,908,575	236,107,278	18,437,479	41,692,355
1903 ..	310,453,428	236,205,162	27,001,165	33,046,532

* Net import or export.

Until the end of the war with Japan, China had incurred practically no Foreign debt. As a consequence of that war she was burdened with a debt of £50,000,000 (or, say, *Hk.Tls.* 400,000,000), and the periodic payments abroad under this head were further increased by the indemnities to be paid to Foreign Powers for their rescue operations in 1900–01; the annual payments under these two heads now amount to upwards of *Hk.Tls.* 45,000,000 a year. The natural effect of this increase in the national indebtedness should be a compulsory increase in the shipment of merchandise to cover the indebtedness; but in this land of paradox it has happened that it is the imports which have increased, until they are now a third greater than the exports; and it is the object of this inquiry to throw some light on the anomaly thus presented.

There is no question here of the financial position of the Government: there has never been any doubt of its willingness to

meet its obligations, enhanced though these are by the operations of exchange, over which it can have no control; and it has not allowed any hesitation in demonstrating its ability to make the periodic payments when due. This inquiry is made regarding the commercial condition of the Empire in its international exchanges. To define more clearly its scope, it may be said that every operation included in the inquiry is one which, under modern conditions of trade, will, excepting only for the movement of coin and bullion, cause a buying or selling of bank bills.

Foreign enclaves, whether ceded or leased, cannot be omitted from any inquiry into the condition of commercial China. In international exchange a trade transaction at Canton and Chinkiang will have a corresponding banking transaction at Hongkong and Shanghai respectively and on precisely the same footing; and the proceeds of sale of a consignment of cotton yarn for consumption in China may be applied to cash a bill drawn for a Foreign navy, whether the expenditure of the latter is to be made at Kiaochow or at Chefoo. Amounts for these Foreign enclaves are included under such sub-heads as *F*, *f*, *g*, *h*, *i*, and *l*, but for inclusion under sub-heads *A*, *B*, *a*, and *b* no figures are available except those obtained from our own statistics of trade between those places and the Treaty ports of China. This is the more to be regretted since the absence of any statistics of the movement of treasure in and out of Hongkong, to cover the financing of the trade of South China, must tend to vitiate the results of any such inquiry as the present.

With these elements of uncertainty, and in the absence of any power to compel the giving of true statistics in a country in which international trade is conducted under conditions of extra-territoriality, any estimate of commercial liabilities and assets must contain many figures the accuracy of which is doubtful. In some cases a fairly close estimate may be made by careful inquiry, but in others the best that can be done is to adopt a reasonable working hypothesis, and on it to base a conjecture. The defects of the present estimate are recognised; it is presented, however, as the nearest to the truth that can be attained with the resources of one office, and in the hope that it may encourage special inquiry by others who may have special opportunities for obtaining information on one or other of the sub-heads: it is requested that any information so obtained may be sent to this office, and that contributors to the press on the subject will send here a copy of their communications.

Of the sub-heads under Liabilities, the one which includes the greatest element of uncertainty is *F*.—Net profits of Foreigners. If it is thought, after study of the details given below, that the

amount stated is too large, it should be borne in mind that, in the outgo (commercial China's liabilities), no amount has been included to represent the net profits earned in China for banks having their head offices elsewhere.

Under Assets the most important sub-head is *m.*—Remittances from emigrants. While this sub-head presents many elements of uncertainty, it is believed that the estimate, *Hk.Tls.* 73,000,000, represents an absolute minimum, and it is to be noted that, of this sum, *Hk.Tls.* 10,000,000 are also included on the other side of the account under *B.*—Treasure imported. Of other sub-heads, *c.*—Land-frontier trade, *d.*—Railway development, *i.*—Repairs to Foreign vessels, and *l.*—Expenditure by Foreign travellers, present the greatest element of uncertainty; and it is hoped that further inquiry under these branches of the subject may elicit more accurate information. Under *d.*—Railway development, it is to be noted that China's liability is entirely in the future—even interest being now paid out of capital,—and that the money spent on this account must be considered, at the moment, a commercial asset of the Empire.

A study of the figures appended to this paper will show that, with liabilities estimated at *Hk.Tls.* 423,734,993, and assets estimated at *Hk.Tls.* 424,751,694, the account about balances, and that commercially China is, at the moment, paying her way.

H. B. MORSE,
Statistical Secretary.

INSPECTORATE GENERAL OF CUSTOMS,
STATISTICAL DEPARTMENT,
SHANGHAI, 4th November 1904.

Note.—In the estimates which follow exchange has been taken at the average rate for 1903: *Hk.Tls.* 1 = 2s. 7½*d.*, U.S. gold \$0.64, francs 3.34, marks 2.68, yen 1.28, these rates having been supplied by banks of the respective nationalities.

LIABILITIES.

<i>A.—Value of merchandise imported into the Treaty ports of China, 1903, at moment of landing</i>	<i>Hk.Tls.</i>
<i>B.—Value of bullion and coin imported into the Treaty ports, 1903</i>	310,453,428
<i>C.—Principal and interest of Loans and Indemnities</i>	37,001,165
<i>D.—Expenditure on Chinese Embassies and Consulates abroad</i>	44,210,400
<i>E.—Expended by Chinese students and travellers abroad</i>	1,320,000
<i>F.—Net profits of Foreigners remitted to home countries</i>	3,000,000
<i>G.—Net freights and net premia of insurance (fire and marine) collected by Foreign companies</i>	16,000,000
<i>H.—Munitions of war, not included in value of merchandise imported</i>	6,750,000
	5,000,000
TOTAL <i>Hk.Tls.</i>	<u>423,734,993</u>

ASSETS.

<i>a.—Value of merchandise exported from the Treaty ports of China, 1903, at moment of shipment</i>	<i>Hk.Tls.</i>
<i>b.—Value of bullion and coin exported from the Treaty ports, 1903</i>	236,205,162
<i>c.—Excess of exports over imports of unrecorded trade over land frontiers of China</i>	33,046,532
<i>d.—Expenditure on development of railways, mines, etc.</i>	4,000,000
<i>e.—Expenditure on Foreign Embassies and Consulates, etc., in China</i>	27,000,000
<i>f.—Maintenance of Foreign garrisons</i>	5,000,000
<i>g.—Expended on maintenance of Foreign war vessels, including money spent by crews</i>	7,500,000
<i>h.—Expended on maintenance of Foreign merchant vessels, including money spent by crews</i>	15,000,000
<i>i.—Repairs to Foreign vessels at Shanghai and elsewhere</i>	2,000,000
<i>k.—Expenditure on Foreign missions, hospitals, and schools</i>	10,000,000
<i>l.—Expended by Foreign travellers in China</i>	6,000,000
<i>m.—Remittances from and money brought in by Chinese emigrants</i>	6,000,000
	73,000,000
TOTAL <i>Hk.Tls.</i>	<u>424,751,694</u>

DETAILS OF LIABILITIES.

A.—Value of merchandise imported into the Treaty ports of China, 1903, at moment of landing *Hk.Tls.* 310,453,428

Hongkong trade is essentially a part of the trade of China, but, except for the materials for repairs to vessels (*see i*), the imports from abroad for Hongkong consumption may be considered as offset by exports abroad of Hongkong local products. The value of China's imports is taken from "Report on the Trade of China for 1903."

B.—Value of bullion and coin imported into the Treaty ports, taken from "Report on the Trade of China for 1903" *Hk.Tls.* 27,001,165

Value of coin brought in by Chinese emigrants returning (*see m*) „ 10,000,000

Hk.Tls. 37,001,165

C.—Principal and interest of Loans and Indemnities.

Loans prior to 1900 (official statement made in May 1901) . . . *Hk.Tls.* 24,408,700

Add for differences between rate of above calculation, 2s. 9d., and average rate of exchange during 1903 (2s. 7½d.) . . . „ 972,200

Indemnities subsequent to 1900, as per Protocol (Indemnities taken at exchange of 3s.) „ 18,829,500

Hk.Tls. 44,210,400

D.—Expenditure on Chinese Embassies and Consulates abroad: estimate accepted by Council of Foreign Ministers, May 1901 *Hk.Tls.* 1,320,000

E.—Expended by Chinese students and travellers abroad: this may be taken at . . *Hk.Tls.* 3,000,000

F.—Net profits of Foreigners remitted to home countries.

An estimate under this head will be mere guesswork, but it cannot be omitted; it is the correlative of the heading *m.*—Remittances by Chinese emigrants abroad. Among the elements disturbing any calculation are the following: all Foreigners are not thrifty as are the Chinese; many invest their savings in China; much that would otherwise be saving is sent for the support of children and dependent relatives; it happens sometimes that widows and their families remain in China; while some men regularly invest at home, others as regularly invest in China; etc. On the other hand, it is generally true that Foreigners return home, and, sooner or later, take their savings with them. In the absence of precise information we must, however, assume a basis of calculation, and that least open to hostile criticism will be the following:—

- (a.) Most Foreigners invest their monetary savings, while in China, in real estate here, or in local enterprises—shares or debentures.
- (b.) Against the savings of those who do not do so, but regularly remit capital home, may be put as offset the holdings of Chinese in Treaty-port real estate and in the shares of local companies.
- (c.) Though local investments may be held out here temporarily, sooner or later they are remitted either as annual income or as realised capital of those who have left China.
- (d.) On these grounds the sum total of—
 - (i.) Net rentals from real estate in the various ports, and
 - (ii.) Dividends of all local companies (including the Hongkong and Shanghai Bank)
 may be taken as fairly representing the remitted savings of Foreigners in China.

Here, as under other headings, we must take Hongkong as essentially a part of commercial China. On this basis we find—

Shanghai net rentals	<i>Hk. Tls.</i>	4,500,000
Hongkong „ „	„	2,500,000
Other ports net rentals	„	2,000,000
Dividends of joint stock companies and interest on debentures (Shanghai Stock Exchange)	„	7,000,000
TOTAL	<i>Hk. Tls.</i>	<u>16,000,000</u>

In the above is not included the profit earned in China by banks other than the Hongkong and Shanghai Banking Corporation; nor is allowance made for losses on investments in, *e.g.*, cotton mills.

G.—Net freights and net premia of insurance collected by non-local companies.

As the result of my inquiries, I find as follows:—

Gross freight and passage money collected by Foreign ocean steamer companies	Hk.Tls. 15,000,000
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Out-go for expenses connected with handling cargo, maintenance of agencies, movement of ships, etc.	„ 9,000,000
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	<u>Hk.Tls. 6,000,000</u>
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Surplus of gross premia for fire and marine insurance over losses and expenses, estimated at	„ 750,000
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TOTAL	<u><u>Hk.Tls. 6,750,000</u></u>
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H.—Munitions of war, not included in value of merchandise imported. It will be safe to allow for this Hk.Tls. 5,000,000

DETAILS OF ASSETS.

a.—Value of merchandise exported from the Treaty ports of China, 1903, at moment of shipment (see remarks under A) Hk.Tls. 236,205,162

b.—Value of bullion and coin exported from the Treaty ports of China, 1903 Hk.Tls. 33,046,532

c.—Excess of exports over imports of unrecorded trade over land frontiers of China.

This must be largely a matter of guesswork, but we will take only the following three heads:—

(a.) Opium in Tonkin: the Tonkin Customs record an import exceeding the recorded Chinese export by 1,250,000 francs . . .	<i>Hk.Tls.</i> 400,000
(b.) Tea by Han River to Russia: taking one year with another the reported value is	„ 1,000,000
(c.) Transfrontier trade, Mongolia to Siberia, Szechwan to Thibet, etc.: excess of exports over imports may be estimated, not including amount under (a.) and (b.), at not less than	„ 2,600,000
	<i>Hk.Tls.</i> <u>4,000,000</u>

d.—Expenditure on development of railways, mines, etc., provided from Foreign countries, the loans furnishing them not being yet repayable, and interest being paid out of capital.

The Russian system has had large sums spent on it to push it forward, but it will be safer to take the annual average at the same amount as for the other systems. Of these, I count (1) Russian in Manchuria, (2) Anglo-Chinese in Chihli and Manchuria, (3) British in Shansi, (4) German in Shantung, (5) French in Yunnan, (6) Belgian in the Pei-Han, (7) American in Yüeh-Han—in all, seven interests, introducing into China an average of £500,000 a year each, in all, £3,500,000 *Hk.Tls.* 27,000,000

This comes in the shape of railway plant (*Hk.Tls.* 8,000,000 included in *A.*—Foreign imports) and funds for salaries of supervising staff and cost of houses and construction of lines. For development of railways and mines in Shantung during five years the amount actually spent was 55,000,000 marks, equal to *Hk.Tls.* 20,500,000

Deduct for expenses of head offices in Germany and for private savings of personnel „ 2,500,000
Hk.Tls. 18,000,000

Making the average for one year . . . *Hk.Tls.* 3,600,000

This agrees with the statement made above.

e.—Expenditure on Foreign Legations and Consulates in China.

British.—The Budget for 1903–04 gave the following figures:—

Diplomatic Service	£ 8,367
Consular Service	£65,991
	—————£74,358

Savings from salaries I would put at about £15,000, including cost of maintaining dependents at home; and drafts on private means at about £2,000: net deduction.	£13,000
	<u>£61,358</u>

Great Britain maintains a Lega-
tion and 27 Consulates, costing *Hk.Tls.* 465,000

In addition, Civil Service vote for Weihaiwei, £9,000	„ 68,000
Add for expenses from other votes (telegrams, etc.)	„ 42,000
	—————

Hk.Tls.
575,000

The *United States of America* maintains 9 Consulates,
the remittances for which on the British basis would
be £23,500; salaries are lower, but other expenses
are probably heavier; say for Legation and Consulates 175,000

France has 10 Consulates: expendi-
ture on Legation and Consulates
may be put at *Hk.Tls.* 200,000

Kwangchowwan Civil Service vote, say	„ 300,000
	————— 500,000

Germany has 9 Consulates: for
expenditure on Legation and
Consulate the Budget provided *Hk.Tls.* 370,000

Civil Service vote for Kiaochow	„ 3,400,000
	<i>Hk.Tls.</i> 3,770,000

Deduct for personal savings „ 770,000

3,000,000

Japan has 11 Consulates, for which and the Legation
we may assume expenditure of 150,000

Nine other Powers, with Legations and a total of
23 Consulates, may be assumed to spend 600,000

Hk.Tls. 5,000,000

f.—Maintenance of Foreign garrisons under Foreign flag, but drawing supplies from surrounding Chinese territory and spending money mainly for benefit of Chinese.

Hongkong, voted 1903-04 £128,000	<i>Hk.Tls.</i>	1,000,000
Kiaochow, voted 1903-04 marks 3,390,000	„	1,250,000
Kwangchowwan, voted 1903-04, say	„	250,000
Port Arthur and railway guards in Manchuria, expenditure probably many millions, but put here at a minimum of	„	2,750,000
Legation guards, and forces in Chihli, say	„	2,250,000
		<hr/>
	<i>Hk.Tls.</i>	7,500,000
		<hr/>

g.—Expended for maintenance of Foreign war vessels in Chinese waters, including Kwangchowwan, Hongkong, Kiaochow, Weihaiwei, and Port Arthur.

I was able to obtain a careful estimate of such expenditure for one navy—made, after long inquiry, by the Paymaster of one ship—and a statement based on official figures for another navy. From these I have made the following summary estimate of expenditure for 1903:—

British squadron	<i>Hk.Tls.</i>	5,300,000
American „	„	4,000,000
Russian „	„	2,000,000
French „	„	1,500,000
German „	„	1,000,000
Other nationalities	„	1,200,000
		<hr/>
	<i>Hk.Tls.</i>	15,000,000
		<hr/>

h.—Expended for maintenance of Foreign merchant vessels, and expended by crews.

The corresponding estimate for Japan is yen 400, say, *Hk.Tls.* 300, for each Foreign merchant steamer arriving in Japan. In 1903 there were 6,700 Foreign vessels entered at Chinese ports from abroad, and, on the basis of the Japanese estimate, there was spent by them the sum of *Hk.Tls.* 2,000,000

i.—Repairs to Foreign vessels at Shanghai and elsewhere.

Under this heading it is impossible to obtain anything like accurate information.

During three years the divisible profits of Farnham, Boyd, & Co., Limited, at Shanghai, averaged . . . *Hk.Tls.* 752,000

It is improbable that this firm, almost monopolising the shipbuilding and repairing business at Shanghai, works at less than 10 per cent. profit on its gross receipts; and the sum spent at Shanghai for repairs to shipping is not over *Hk.Tls.* 7,500,000

If, of this sum, we allow *Hk.Tls.* 1,000,000 for repairs to Chinese ships, and for repairs to war vessels included under *g*, we may take the cost of docking and repairing Foreign ships at Shanghai, Hongkong, Amoy, Foochow, etc., due allowance being made for materials imported into Hongkong but not included under *A*, at about *Hk.Tls.* 10,000,000

k.—Cost of maintenance of Foreign missions, hospitals, and schools : funds remitted from home countries.

From the information supplied to me I estimate the total annual amount of the funds remitted to be *Hk.Tls.* 6,000,000

l.—Expended by Foreign travellers in China.

The corresponding estimate for Japan, made by Governmental authority, was yen 16,000,000, or, approximately, *Hk.Tls.* 12,500,000. Tourists spend more in Japan than in China, and it will be safer to take this expenditure in China at not over *Hk.Tls.* 6,000,000

m.—Remittances from emigrants abroad.

	MINIMUM.	MAXIMUM.
	<i>Hk.Tls.</i>	<i>Hk.Tls.</i>
1. United States and Canada .	14,000,000	38,000,000
2. Hawaii	1,500,000	3,250,000
3. American Hemisphere, rest of	2,000,000	5,000,000
4. Australia	5,000,000	10,000,000
5. Japan	1,500,000	2,750,000
6. Siberia and Korea . . .	1,000,000	2,000,000
7. Philippines	3,000,000	4,000,000
8. Indo-China	5,000,000	15,000,000
9. Singapore and Malay Peninsula:		
10. Dutch Indies (including Borneo):		
11. Siam:		
Remittances by bank paper	12,500,000	25,000,000*
„ in coin . .	5,000,000	10,000,000*
12. British India	2,500,000	10,000,000
13. Formosa	2,000,000	5,000,000*
TOTAL. . . . <i>Hk.Tls.</i>	55,000,000	130,000,000

* The most trustworthy estimate makes the total of these three items *Hk.Tls.* 37,620,000, making the maximum grand total, *Hk.Tls.* 127,620,000.

Details of a maximum estimate of remittances from emigrants abroad, based mainly on the inquiry of a banker (Mr. X.) with long experience in the East.

1. *The United States of America and Canada.*

The U.S. census for 1900 gives:

West of Rocky Mountains	67,729
East „ „	22,534
And there are in Canada	11,000

101,263

Mr. X. estimates remittances from Pacific Slope to—

Hongkong. . . . £40,000 a week.

Shanghai £20,000 „

Other ports £15,000 „

£75,000 a week.

or, say, in one year £3,750,000

From Atlantic Slope Mr. X. puts

them at well over £1,000,000, or,

say £1,250,000

£5,000,000

at 2s. 7½d., say *Hk.Tls.* 38,000,000

N.B.—This gives *Hk.Tls.* 375 *per capita*.

Mr. J. W. Jamieson (“Foreign Trade of China, 1902”) estimates remittances from “Pacific Slope of North America” at £5,000,000 annually.

By Mr. X.’s estimate there is ample margin, since he takes no note of the probably large sums sent by coolies through the companies or Chinese private firms trusted by them.

2. *Hawaii*.—The U.S. census, 1900, gives 25,767 as the number of Chinese in Hawaii. Some of these are merchants and market gardeners; the coolie market is largely supplied by Japanese. Taking *Hk.Tls.* 125 as annual average, we have „ 3,250,000

3. *American Continent*.—Gottwaldt* gives numbers outside the U.S. and Canada as about 145,000. We have no means of getting at the amount of their remittances, but being mainly in Spanish America their earnings are probably small. Still, they must have a surplus or they would not continue to go. We may put it at *Hk.Tls.* 35 a head, or, say „ 5,000,000

4. *Australia*.—Gottwaldt gives the number of Chinese in Australia as 30,000.

* “Die Ueberseeische Auswanderung der Chinesen,” von H. Gottwaldt, Bremen, 1903.

Mr. X. estimates their annual remittances at £750,000 to £1,000,000, or, say, *Hk.Tls.* 6,000,000 to *Hk.Tls.* 7,500,000. Mr. J. W. Jamieson (Report, 1902) says that "Australian contributions cannot fall far short of £1,500,000 to £2,000,000." It is probable, the conditions being the same, that Chinese in Australia earn as much as in the U.S.; but taking it at *Hk.Tls.* 333 *per capita*, we have *Hk.Tls.* 10,000,000

5. *Japan*.—Chinese residents: 5,500 males, 1,500 females. It is probable that, in Japan at least, the females are of the families of the Chinese residents, and are not wage-earners. The men are mainly merchants, compradors, and shroffs, no laundrymen, few servants, and no coolies; their surplus earnings are therefore on a higher scale than in the U.S., or, say, *Hk.Tls.* 500 a head, giving a total of „ 2,750,000

Mr. X. estimates surplus at \$1,000 a head.

6. *Siberia and Korea*.—Gottwaldt gives the Chinese population at 28,700. Allowing a fair proportion of traders, though in a small way, we may put the surplus earnings at a little over *Hk.Tls.* 70 a year, or, say, in all . . „ 2,000,000

7. *Philippines*.—Chinese population put at 80,000. This being nearer home, and the Chinese supplying the lower urban occupations and some of the field labour, it would be safe to put net earnings at only *Hk.Tls.* 50, or, say, in all „ 4,000,000

8. *Indo-China*.—Chinese population, 150,000. The huge rice trade of Saigon is in the hands of Chinese. Chinese residents are not so well

received or so well treated as further south, and for this payment has to be made; and wages of Chinese servants are good. A safe estimate, therefore, would be *Hk.Tls.* 100 a head, or, in all *Hk.Tls.* 15,000,000

9. *Singapore and Malay Peninsula* (985,000):
10. *Dutch Indies (including Borneo)* (600,000):
11. *Siam* (2,500,000):

The figures are Gottwaldt's estimates of the Chinese population.

Here we are on uncertain ground, in view of the fact that many of the Chinese are not "emigrants" remitting home, but (especially in Siam) are settlers making their home abroad. Mr. X. estimates their remittances from (9) Singapore and Malay Peninsula at £2,250,000 a year, or, say, *Hk.Tls.* 17,000,000. If we allow *Hk.Tls.* 3,000,000 from Siam and *Hk.Tls.* 5,000,000 for remittances from the Dutch Indies, we have a total of „ 25,000,000

From these three regions (9, 10, and 11), especially 9 and 10, it is that the demand comes for contract labour enlisted for a short term. While all other emigrants entrust their earnings to the fertilising stream of bank bills, these ignorant coolies, returning after a short term of from three to five years, bring much of their earnings in coin. From inquiries made at the ports from which this emigration takes place, it is estimated that about 200,000 such contract labourers return to China in a year, bringing with them coin to the amount of „ 10,000,000

A third point to be considered in connexion with this group of countries is the emigration of females, to be disposed of for the profit of their masters, whether legitimately as wives and concubines, or, as is more commonly the case, for purposes of prostitution. In 1899, according to the Statistics* of the Protector of Chinese at Singapore, 5,514 Chinese women arrived at

* Quoted in Gottwaldt, *loc. cit.*

Singapore alone from China; in 1900 it is estimated that 7,700 such women left Hongkong, Amoy, and Swatow for the Southern Seas. The difference between the prices realisable at Hongkong and Singapore is put at \$100 to \$200. As it is the gross sum, not the profit, which has to be remitted, we may take the higher sum, or *Hk.Tls.* 133, giving a total of *Hk.Tls.* 1,000,000. I content myself with noting the fact.

12. *British India*.—Burma has a Chinese population of 40,000, practically controlling the trade of Rangoon. Mr. X. estimates their remittances at £1,000,000, or £25 (*Hk.Tls.* 190) a head, which seems a safe estimate. For Calcutta, Bombay, and Colombo he estimates the remittances at a quarter to half a million pounds, or, say, in all *Hk.Tls.* 10,000,000

13. *Formosa*.—Chinese population, 2,600,000. This population, though Chinese by origin, is now nationalised as Japanese. Their "home" connexion is, and always has been, Southern Fuhkien, from which country Formosa has been colonised within the last 200 years. Their ancestral graves are in Fuhkien, and their faces are turned thither, as is seen especially at the time of care for the graves. For the colonists, however—the permanent residents,—this is merely a sentiment, not likely to cause a flow of remittances from Formosa now that it is Japanese. The wealthy landlords, the merchants and their dependents, and the annual temporary influx of tea packers, still maintain their connexion with Fuhkien; and from their rents, profits, and earnings we may expect to have remittances to the annual amount of 5,000,000

Hk.Tls. 130,000,000

Statement of bank remittances known to have been made to this country by Chinese residents abroad during 1903, made by a banker (Mr. Z.).

Place whence remitted:—

	<i>Mexican Dollars.</i>
New York	6,000,000
San Francisco	15,000,000
Saigon	700,000
Bangkok	5,000,000
Batavia	1,280,000
Samarang	360,000
Soerabaya	120,000
Singapore	6,155,000
Penang	4,400,000
Rangoon	1,230,000

The minimum estimate on page 195 is mainly based on these figures.

A very careful estimate has been made by Mr. Gottwaldt, of the German Consular Service, of the sums remitted and brought back by emigrants from certain only of the countries to which emigrants go. The countries covered by him are those numbered by me 9, 10, 11, 13, and his estimate based upon careful calculation is that the annual sum is *Hk.Tls.* 37,620,000

If to this we add my minimum figures for countries 1 to 8 and 12, viz. „ 35,500,000

we have a total of *Hk.Tls.* 73,120,000

This figure I take as probably the nearest to the truth that we can get with our present information, and as pretty certainly a minimum estimate. Nothing is included for the large body of Chinese who, even prior to 1904, were in South Africa. Further, contract labourers have no savings for the first year or two as their earnings go to repay the contractors for the cost of transport and advances, and only net savings of the labourers are included; but the payments to the contractors must be returned to China in a constantly recurring stream to provide advances and transport for a fresh supply of labourers.

Appointment of Directors General of Customs.

Mr. Carnegie to Sir Edward Grey.—(Received May 9.)

PEKING, 9th May 1906.

(Telegraphic.)

I have the honour to report the issue this afternoon of an Imperial Decree by which the President of the Board of Revenue is appointed Administrator-General of Customs. Control over all Chinese and foreigners in the Customs Service is given him at the same time.

Mr. Carnegie to Sir Edward Grey.—(Received May 10.)

PEKING, 10th May 1906.

(Telegraphic.)

My telegram of yesterday's date.

This Decree has come as a surprise to every one, and grave apprehensions are felt here in regard to what the consequences of it may be.

I beg leave to suggest that you instruct me to request the Chinese Government to explain the terms of the Decree. I could point out at the same time that His Majesty's Government cannot consent to any change being made in the present system of administration of the Maritime Customs in view of the undertaking given by the Chinese Government in 1898 to Sir C. MacDonald that Sir Robert Hart should be succeeded as Inspector-General by an Englishman, and in view of the terms of Articles 7* and 6* of the Anglo-German Loan Agreements of 1896 and 1898 respectively.

*The Chinese Imperial Government undertake in the Loan Agreements that the administration of the Chinese Imperial Maritime Customs shall remain as at present constituted during the currency of this Loan.

Sir Edward Grey to Mr. Carnegie.

FOREIGN OFFICE, 11th May 1906.

(Telegraphic.)

With reference to your telegram of yesterday relative to the appointment of Administrator-General of Chinese Maritime Customs, the Chinese Government should be informed that His Majesty's Government are anxious to receive an explanation of the Decree as soon as possible. If its object was to interfere with the powers now exercised by the Inspector-General, which His Majesty's Government cannot suppose to be the case, it would constitute a distinct breach of the engagement given by the Chinese Government in the Loan Agreements of 1896 and 1898, to the effect that, during the currency of the loans the administration of the Maritime Customs should remain as then constituted.

Prince Ch'ing to Mr. Carnegie.

PEKING, 1st June 1906.

(Translation.)

SIR,

I had the honour to inform you in a note of the 27th May that the special appointment by China of High Commissioners for the exclusive control (or management) of the Maritime Customs made no change in the mode of administration laid down in the Loan Agreements. At an interview at the Wai-wu Pu on the 28th May you intimated that the terms of this note were not sufficiently explicit as to China's intentions, and requested a further statement in the matter.

In the 7th Article of the Loan Agreement of 1896 and in the 6th Article of the Loan Agreement of 1898 it is stipulated "that the administration of the Chinese Imperial Maritime Customs shall remain as at present constituted during the currency of this loan," and I have the honour to state that the Imperial Decree of the 9th May specially appointing High Commissioners to control (or manage) revenue affairs does not make any change in the method of administration laid down in the Loan Agreements.

While communicating the above to you, for the information of His Majesty's Government, I avail, etc.

Creation of Shui-wu Ch'u.

Mr. Carnegie to Sir Edward Grey.—(Received August 1.)

PEKING, 1st August 1906.


(Telegraphic.)

A copy, of which the following is a translation, of the new instructions to the Inspector-General of Customs was sent me yesterday by Mr. Tong:—

“Hitherto all Customs affairs have been under the control of the Wai-wu Pu and Hu Pu (Board of Revenue). In obedience to the Imperial Decree, we have established the Shui-wu Ch'u (Revenue Council) for the special management of these affairs, and it will enter upon the administration thereof on the 22nd July. Thereafter all Customs affairs which in any way concern revenue business—over and above such as involve international relations, which shall continue to be transacted by the Wai-wu Pu, and the appropriation of revenue, which shall follow the directions of the Board of Revenue—shall be reported directly to this Council, to be considered and dealt with by it.”

I do not see that objection can be taken to these instructions, assuming that if the Revenue Council merely takes the place of the Wai-wu Pu the stipulations of the Loan Agreements will not be infringed, and that under the Finance Council the members of the Customs service, from the Inspector-General downwards, continue to have the same functions, duties, and responsibilities as under the Wai-wu Pu. The instructions are wanting in this respect: that the Inspector-General is not explicitly ordered in them to carry on as before, and I propose to draw Mr. Tong's attention seriously to the matter on Friday next, when he returns from the Summer Palace.

I am inquiring into the facts connected with rumours which have reached me that the previous practice in the Statistical Department and at Amoy have been materially altered.



Mr. Carnegie to Sir Edward Grey.—(Received August 5.)

PEKING, 5th August 1906.

(Telegraphic.)

I have the honour to report, with reference to your telegram of the 2nd instant, that last Friday I asked Mr. Tong, whom I saw at his house, why directions to carry on as before were not contained in the instructions to the Inspector-General. I urged him to issue to the Inspector-General, for communication to his subordinates, instructions in that sense, and thus meet the wishes of His Majesty's Government. Uneasiness existed in many quarters which such a step would go far to allay, and the requirements of His Majesty's Government would probably be met by it. To this, however, Mr. Tong would not consent. On two occasions, he said, verbal instructions to carry on as before had been given to Sir Robert Hart by T'ieh and himself, and therefore as these instructions were in no sense private, he was at liberty, if he thought fit, to circulate them.

His Excellency defied any one to show proof of cause for alarm at the new instructions, and could not understand the excitement which he believed they had caused. I mentioned reports I had heard about the Customs statistics and the Amoy custom-house. He knew nothing of the latter, but said, in regard to the former, that the Board only wished to see these and other reports before the Inspector-General published them.

He then proceeded to give me his views, which did not appear unreasonable, respecting necessary improvements in the method of rendering financial reports and in the compilation of statistics. He desired to increase the efficiency of the Customs, but denied emphatically any intention to change its administration.

Your telegram of the 2nd instant was received on the same day, and Mr. Tong was again pressed by Mr. Campbell to meet your wishes. He could not be persuaded to send orders in writing, but so far yielded as to promise to direct Sir R. Hart, when he saw him, to issue a Circular, if he had not already done so, in the sense we desired.

His Majesty's Consul-General at Shanghai confirms Mr. Tong's statement respecting the statistics. He has ascertained that directions have been given to that Department that returns relating to purely customs and revenue business are to be sent to the new Board instead of, as hitherto, to the Wai-wu Pu.

Sir Edward Grey to Sir J. Jordan.

FOREIGN OFFICE, 26th September 1906.

(Telegraphic.)

Your telegram of the 22nd instant.

If the terms of the Circular are satisfactory, we attach importance to its publication, as calculated to restore confidence to some extent in foreign countries, as to the Chinese Government's intentions with regard to the question of the Customs Service. As the Edict by which confidence was impaired was public, the Chinese Government should communicate the reassuring Circular officially to us for publication here, if they do not publish it themselves.

The Chinese Government assured Mr. Carnegie that the instructions issued to Sir Robert Hart would not be private in any sense.

Sir J. Jordan to Sir Edward Grey.—(Received September 27.)

PEKING, 26th September 1906.

(Telegraphic.)

My immediately preceding telegram.

I understand that following is substance of the Circular, which is dated the 22nd September.

The circumstances connected with the establishment of the new Revenue Council are first recited, after which the Circular states that on two separate occasions, the 12th and 15th May last, it was explained to the Inspector-General by the two Controllers that work should proceed as before. He is now, the Circular continues, authorized by them to circulate the intimation as an order for the general information of the Service. Further, the Inspector-General will have with the Revenue Council the same relations which he had with the Board of Foreign Affairs, and, speaking generally, his duties will follow the same lines, while the Commissioners and Staff at the ports will also continue in the same relation to the Inspector-General and continue to work just as before. The apprehensions which have been expressed since the 9th May, when the Customs Edict appeared, should be dispelled

by this explanation; the Circular consequently admonishes the members of the Service against the origination or circulation of hypothetical fears and disturbing rumours by which public comment might be provoked. The Circular concludes by promising that the considerate and liberal treatment shown in the past shall still be accorded to the Service.

Satisfactory though the terms of the Circular apparently are, I am of opinion either that its publication should be authorized by the Chinese Government, or that a copy should be sent to the Legation officially.

**Creation of Shui-wu Ch'u and altered status of Customs
Service. Letter from Sir Robert Hart to
Sir Cecil Clementi Smith, G.C.M.G.***

PEKING, 21st October 1906.

DEAR SIR CECIL,

Yours of the 5th September arrived a few days ago.

That Customs Edict has been much discussed and of course it in itself is and means change. It gives the new Directors-General full authority, and they themselves will interpret that authority's limits; but, in doing so, they will find that the liberty to do so is already circumscribed by various conditions and circumstances which cannot be ignored. We were certainly easier in mind before the Edict appeared, but it is difficult to prophesy how it will operate, and when it will begin to pinch: we shall probably have to wait for experience to furnish enlightenment on both points.

The Inspectorate has never been forced on China and it has now existed some fifty years by China's own wish. In 1854 the native Authorities fled when the Triads took and held Shanghai, and then British, French, and American treaty power Consuls established a triumvirate of Inspectors to collect the duties due to China and grant such Customs clearances as would authorise Consuls to restore Ship's papers and allow them to depart. The following year the city was retaken and official authority re-established, and the Inspectors were found to have done such good

*Formerly Governor and Commander-in-Chief of the Straits Settlements.

work, regulating procedure and increasing collection, that they were invited to retain their positions, and when the Tientsin treaties stipulated for a uniform system at all open ports in 1858, it was the extension of the Shanghai system that was adopted. Later, again, when the Tientsin indemnities were paid off in 1865-6, there appeared a special Decree continuing the system, so well had it worked and so profitably. From that date down to 1906 no alteration was made, and as new ports were time after time opened the Inspectorate planted its offices at them and in addition attended to many other kinds of business that occasion demanded or made opening for. During all this long period it was within the power of China to change, interfere, or undo, but, instead of this occurring, the Service was strengthened in every respect and the authority of the I.G. increased.

I joined at Canton in 1859 and when the first I.G., Mr. H. N. Lay, went home on leave in 1861, returning in 1863, the work was carried on by me and on his fall in 1863 I was made I.G. in his place and have held the appointment ever since.

Thus it came to pass that my way of working grew with the extension of the Inspectorate and, invisibly, independence and power accompanied that growth, so that I had in the end a position which could not have been expected, and would not have been conceded, at the beginning. But, through all this, I was from first to last the subordinate of the Tsungli Yamên and Wai-wu Pu, and I might at any moment have been made to feel that they could control me, and, when the new Office, the *Shui-wu Ch'u*, appeared this year, the transfer of the Inspectorate to it was a simple transfer of already and long existing control and, if a new departure, not a new creation.

We do not yet know who was the prime mover or what was the ruling motive in the establishment of the *Ch'u*, but my age and my approaching departure probably made a way and opening for it, and a natural desire to make it look more like a native than a foreign department, together with a growing necessity for finding employment for an increasing number of fairly qualified and better equipped students, had also probably much to do with a much-to-be-expected development in this "China for the Chinese" age. We have now worked some four or five months under the *Ch'u*, and, except that the fight made for us by foreign friends has somewhat incensed our native chiefs, and that hypothetical fears may have sown the seeds of what may some day spring up as actual developments, no special change has shown itself of a kind to

threaten, inconvenience, or derange the Service. The new Directors General simply told me I was to carry on as before, and I have been doing so.

Some think I ought to have protested, resisted, or resigned, but I did not see my way to criticise an Edict or oppose Official orders given in accordance with it, nor did I consider what certainly seemed a critical juncture the right moment for deserting the ship. If the Treaty Powers had at once intervened unanimously they might have perhaps got the transfer deferred, but they would not have been likely to secure either the cancellation of the Edict or the disestablishment of the *Ch'u*; further, unanimity was evidently impossible at the outset, and, while some expressed the opinion that there was nothing to be objected to, others rather chuckled over the possible clipping of the I.G.'s wings: what I did was to accept the change, ask help from nobody, and set about making the best of it in the interests of the Service and China, revenue and trade, and that is what I continue to do.

Critics also find that the new Office, and the manner of its introduction, constitute an affront to myself, belittle my position, damage loan guarantees, and threaten the Customs Service generally. My optimistic nature prevents my viewing all these things in the same lurid light. The new *Ch'u* might work mischief, but the old *Pu* could have done the same, and, as for evils that may come out of it, we simply have to guard against them under new chiefs just as we had to under the old ones. It is quite true that I was not consulted and that I knew nothing till the Edict was communicated to me, but it appeared to me that the Government had treated me even considerately in not inviting my opinion on what it had decided to do, and, if affront there was, I felt it more by proxy than in person: further, I think it was wiser to act while I was still here than to wait for my departure, seeing that my way of doing things might ease the situation and be of use to both Chinese Government and Customs Service.

The general status of the Service will seem to many to have been lowered by the transfer, but, in point of fact, it was the good work it did, rather than the simple connection with the Chinese Foreign Office, that won for it its status, and, if it continues to do good work, it will rank just as high under the new Customs bureau. At the outset the Chinese F.O. was the natural office for such an anomalous Service—with its cosmopolitan composition, its extraterritorialized elements, and its curiously mixed international duties—to be attached to, but, evidently, sooner or later the

employment of foreigners would end and Chinese revenue work be located in a Chinese Revenue Office. The transfer at this date is quite an orderly development and I, for one, am not at all surprised at or shocked by it: for some reasons it might perhaps have been better to develop a little later, and, for others, the present may be said to have been the best and most natural time. Thus, the feeling of belittlement is more sentimental than real and is in fact felt more by others than by myself.

The loans and other guarantees will be just as safe under the *Ch'u* as under the *Pu*. Their real security is the Edict which sanctioned them, and any such Edict pledges the resources of the Empire to prevent default.

That foreign employées would some day disappear was always a certainty, and what caused and prolonged their employment has been China's own feeling of want for their assistance and profit derived from it. The result of the recent agitation has been to fix a term for such employment, and the probability now is that it will cease when loans and indemnities are paid off: without that agitation employment would simply continue so long as called for—ceasing perhaps before, perhaps long after the loans, etc.

Various causes have been assigned by the newspapers for the creation of the *Ch'u*—notably the Viceroy *Yuan's* need of funds, and many possible lines of action mapped out for the Directors-General, Tieh and T'ang—notably a desire to manipulate revenue improperly: I question both interpretation of fact and prophecy for future,—*Yuan* may want funds but he would not find them in that way, and Tieh and T'ang may have revenue views but the established system has too many checks to admit of wholesale peculation. The working of the Inspectorate has been found convenient and useful, and it is quite possible that the *Ch'u* has been created to continue that working when I go, it being also likely that the Chinese Government and its native advisers will not favour the same amount of power and independence enjoyed as a natural growth by myself being transferred or transmitted to any succeeding I.G. The new Directors-General will be steadied by three or four considerations:—they will continue the working procedure at the ports, fearing to evoke mercantile outcry and Legation intervention should they initiate any mischievous departures from that procedure,—the Inspectorate has annually reported increased, and the new chiefs will certainly not seek to report, decreased collection,—on fixed dates fixed amounts have to be provided and paid out on loan and indemnity account, and such an obligation will force Tieh and

T'ang, even if otherwise inclined, to avoid such a manipulation of Revenue as would entail temporary default and consequent trouble,—and the spirit of progress which is certainly at work in this far Eastern land will affect the *Ch'u* too and force it on in the direction of betterness: all these causes and reasons will have a steadying effect and prevent the new *Ch'u* and its chiefs from doing what would either hurt the careers of foreign employes now in the Service, spoil the established and fairly good procedure of the Treaty port Customs, weaken the guarantees of bondholders, or do the mischief generally the Press has been forecasting.

As I said at the beginning of this long letter, the creation of the *Shui-wu Ch'u* is itself a change, but, while transfer from the *Wai-wu Pu* to it may be thought to affect the status of the Inspectorate or Customs Service, it is quite possible that Revenue work generally will benefit, in the interests of all—both collecting officials and trading public, and that this special Office, with Revenue work for its special work, will prove a better public servant than the *Wai-wu Pu* with so much other business to attend to and so little time to direct native attention to the details of Customs work.

That I have felt sympathy with the foreign members of the Service in their fears for what might follow, and also satisfaction at the complimentary way in which the world speaks of the status and work of the Inspectorate and Service generally, goes without saying, but, when asked to formulate advice as to what is the best thing now to be done, I am at a loss. If I were younger and staying on here another decade or two, I should prefer being allowed to work, or worry through, in my own way, but, having reached the end of my tether, it is others that have to be thought about and not myself. As already said, it is too late to aim at cancellation of the Edict or disestablishment of the *Ch'u*, while the third alternative—to require the return of the Inspectorate to the *Wai-wu Pu*—would not only be difficult to effect, but also, probably blocked at first by want of unanimity on the part of the Treaty Powers, would, if eventually successful, not only set Chinese officials by the ears, so to speak, but would procure for the Inspectorate such antagonism, on all sides and at every place where it functions, as an enforced and protracted foreign intrusion on Chinese ground, that work would never again proceed smoothly and foreign employes would be in discomfort perpetually and perhaps in danger too: if these views—and they are mine—are correct, and seeing that criticism, suggestion and intervention, if not carried out to the very end and given full effect to, only irritate Chinese officialdom and make foreign employes hateful in their eyes, it would seemingly

be better to drop the matter, and merely take care for the future to intervene with specific complaint and specific demand when any interference with port procedure or I.G.'s Service management threatens to damage mercantile duty-paying interests or Service duty-collecting practice. In making up your minds what further steps to take, just leave me out of the question—my day being about ended—and do what you think will best serve general interests. Can you get the Powers to be unanimous and combine, and can you intervene in such a way as to make China value the Inspectorate more instead of less?—these are questions worth considering, and you people who know China, or who think you know China, would do well to have clear ideas on both points before going further. Without united action, nothing will be effected, and, with it, the result might possibly be an International Board or objectionable conditions—how would that suit you? And how would China take it? And, beyond keeping up the uncertainty and irritation, what real good will result? The *Ch'u* certainly has much power and T'ang is an active man, and the various disagreeable things the Association points to in its memorandum of the 23rd August 1906 are not impossibilities. On the other hand I do not regard them as immediately probable or as likely to be introduced either rashly or harmfully, while it is possible that opposition to them before they are attempted may fail to prevent or may even hasten their appearance. You may see the situation more clearly at a distance than I do close at hand, but I can at least claim an equal desire to have right action taken and wrong avoided: sooner or later, Inspectorate as composed of Foreigners must disappear, but its disappearance is more likely to be the substitution of the *Ch'u* to continue than to discontinue its practice and procedure. The right to issue the Edict or create the *Ch'u* cannot be questioned, but, although it may mean that the eventual disappearance of foreign employés is foreshadowed if not intended, its object may also be to preserve and perpetuate the procedure which the Foreign Inspectorate introduced fifty years ago and continued till now in the general interest. Other men's views and other men's advice may be better than mine, and those who decide the action to be taken must choose. Meanwhile I am sitting tight and work goes on just as before, though of course we have to allow that we have lost various advantages that connection with the *Wai-wu Pu* gave us, and have to face possible difficulties on the new ground we stand on under the *Shui-wu Ch'u*. The foreign employés are naturally anxious, fearing their employment may be of uncertain duration and the conditions of work under more active Chinese chiefs less agreeable than heretofore, to say nothing of unwillingness to be connected with work

that might possibly show a falling off in quality and character. This is quite natural and I sympathise with it, and, if anything could be done to dissipate that feeling of alarm, all would rejoice; unfortunately, the effect of every step taken to strengthen our position will be to irritate Chinese Officials, and I, for one, should be very sorry to stay on here relying on outside support and foreign bayonets, and it is only acceptability with the Chinese that will prolong the life of the Service or make position and work possible and palatable for the men now in it.

Although I see I have written at considerable length, I have, after all, written very generally: to discuss the matter fully would fill a quire, with, as a result, more points raised, more differences of opinion, and the same difficulty—*que faire?*—in the end. I do not believe in such a concert of the Great Powers as would procure withdrawal of the Edict, and, even if it were withdrawn, the position of the Inspectorate *vis-à-vis* the Chinese Government would be antagonistic and distasteful: I therefore think it will be wisest to be content with the line of action which commends itself to the Foreign Office, for that department knows best what can and what cannot be effected, and has its responsible advisors on the spot here.

My health is not what it once was, and, if it were not that my presence gives things time to rearrange themselves without disaster, I should not be remaining. By the time the *Ch'u* is a year old the various parties will have grown accustomed to each other, and the procedure followed during the year will be hardening into precedent if not second nature. I have kept things together for a pretty long spell, but I really cannot hold on for ever!

General Waters is away at the manœuvres, I hear, and has not yet visited Peking so far as I know.

Our latest visitor has been the Japanese Prince Fushimi, and the rest of this new century will be pretty full of the doings of his gallant countrymen in the East generally and perhaps in China in particular: I should like to live through and see it all, but of course that is out of the question.

With kind regards,

Sincerely yours,

(signed) ROBERT HART.

Opening of Manchurian Trade Ports.

Extract from I.G. Despatch No. $\frac{3/18222}{\text{Harbin}}$ of the 25th January 1907.

There will be three kinds of trade for the Harbin Customs to deal with:—

- 1.—Russian trade along the railway line entering and leaving Manchuria at the Eastern and Western frontier stations (Progranitchnaya and Manchuria, i.e., Suifenhö and Manchouli).
- 2.—General foreign trade inwards and outwards whether by the southern railway line, Kwanchengtze to Harbin, or other routes—and
- 3.—Chinese trade between open places.

While you will be expected to study and provide for all three, the second and third as well as the sub-offices they may eventually require *are not pressing for the moment*, and it is to the first that your attention is to be specially directed at the outset . . .

It will accordingly probably be necessary . . . to decide in consultation with Russian and Chinese representatives . . . what staff arrangements will be necessary . . . how communication with a head office at Harbin is to be conducted . . . whether any notice of the same merchandise is to be taken—what and where—either at Harbin itself, or at the place where the vans are unloaded, or at any other point along the railway lines, etc., etc.

Your first duty will be to examine and propose plans for meeting the requirements above sketched, but nothing is to be finally decided on, and more especially no work is to be begun, till after report to and authority from the Shui-wu Ch'ü through this office.

Extract from I.G. Despatch No. $\frac{30/20447}{\text{Moukden}}$ of the 24th July 1907

enclosed in I.G. Despatch No. $\frac{41/20451}{\text{Harbin}}$ of the same date.

With reference to and in continuation of I.G. Circular No. 1441, II (of the 4th July, 1907):

Manchuria: Customs offices to be established at places opened by American and Japanese treaties:

I have now to enclose you a despatch received last night from the

Shui-wu Ch'u on the same subject from which you will see that the Viceroy of the Manchurian Provinces wishes the preliminary work expedited.

(Note.—*The Viceroy was clearly in a hurry for his request to the Shui-wu Ch'u was made by telegram.*)

The Viceroy . . . enquires:—

- 1.—At which places will it be necessary to establish Custom Houses (稅關);
- 2.—At which places will there be barriers (卡)—and presumably not Custom Houses; and
- 3.—Which will be head or independent offices and which will be branches of, or be subsidiary to, others;

and he says that regulations will have to be drawn up at an early date to provide for the trade in foreign goods between these marts, *to state what import, export and transit (half) duty* are to be collected and what transit documents are to be issued. *Although the Viceroy does not categorically say so, it is evident that the Customs relations of these marts with Treaty Ports will have to be provided for.* You are therefore to take this matter in hand at once, to consult the Viceroy, the Governor and such other officials or Boards as you may find it necessary to refer to as well as your colleagues at Harbin, Kirin, Antung, Newchwang and Dairen . . . You are to be guided by the I.G.'s remark in Par. 3 of Circular No. 1114 ([sic] actually No. 1441)—“a few head offices and as many sub-stations as necessary—*everything on as small and economical a basis as possible at first* . . . ”

It seems not unlikely to be claimed that all these marts are as regards duty on foreign goods on the footing of Treaty Ports, i.e., foreign goods have the right to be landed in them on payment of one full tariff duty, or at those of them which are within the Railway territory of the C. E. R., entitled under the recent Sino-Russian Agreement to locally reduced duty. In this connection it becomes apparent that as well as the general regulations applicable to all these places some others special to particular places or particular groups of places will be required, but these may come later.

A demand has been made that goods may be sent from one to another of the Manchurian ports under Exemption Certificate. That

has been admitted in principle for rail-carried goods and it is understood to be demanded in principle whether the goods are carried by rail or other modes of carriage. This demand can hardly be met by an absolute refusal, but it opens a door to abuse which must be closed by the imposition of conditions.

You will note that nothing is said about the status of Moukden: cannot something be arranged about it now?

I.G. Despatch No. $\frac{2809}{\text{Harbin}}$ of the 25th February 1922. No. $\frac{\text{Comms.}}{88174}$

SIR,

- 1.—I have to acknowledge the receipt of your despatch No. 2599: duty treatment of, and documents issued to, all goods from and to Harbin district: further remarks and suggestions *in re*;

and, in reply, to thank you for bringing out so clearly the various points which the instructions you have received in connection with the re-organisation of the Harbin Customs district have brought to the front.

- 2.—The chief points are those which you enumerate under the headings 1, 2, 3 and though as you state they are to a certain extent interdependent I propose to deal with them comprehensively in connection with the question of Kwanchengtze.

- 3.—The principal object I have in view in opening a Customs Station at Kwanchengtze is to obtain a footing at the point on the Railway System of Manchuria where break of gauge necessitates transference of cargo from one system to another. We are committed to opening at least a Checking Station there and have authority to do so: the question whether the opening should be postponed or should immediately take place is the only one on which there is room for difference of opinion.

You urge very strongly the view that we should proceed to open at once and you give reasons the cogency of which I am bound to admit, backed as they are, by experience and knowledge of your district and its administrative needs. In instructing you that the office is not to be opened until an Agreement has been reached with the Administrations of the various railway systems I have been influenced by the following considerations.

The opening up and development of Manchuria are forcing to the front questions of transportation which, unless we can secure Customs control of cargo throughout the railway systems connecting Manchuria with foreign countries, the sea and China Proper, will cause increasing difficulty as time goes on.

When Manchuria was thrown open to foreign trade by treaties under the Trade Mart system, the question arose how the Customs could best meet the new responsibilities which these treaties forced upon the Service. The system decided upon was, broadly speaking, to keep out of the interior of Manchuria and to confine ourselves to the frontiers, whether those frontiers were between Chinese and foreign territory or between what may be called China Proper and Manchuria. I think it was intended that we should tax trans-frontier trade, and that we should keep our fiscal hands off native trade within the three Eastern Provinces altogether. This intention, it appears to me, was evident in the arrangement made for protecting from provincial taxation goods entering Manchuria and destined for a specified Trade Mart. The Special Manchurian Exemption Certificates issued to cover both foreign and native Customs duty paid goods are free Transit Passes. Like Transit Passes they cover the goods and not the means of conveyance over which they imply no measure of control and are merely a proof to Inland Tax Stations that the goods they purport to cover have fulfilled Maritime Customs requirements. The system originally introduced has I believe on the whole met trade requirements, it has certainly done what from the Customs administrative point of view it was intended to accomplish, namely to obviate the necessity of opening Maritime Customs establishments at a large number of towns in Manchuria. And, while foreign interests have been satisfied and have not pressed for such opening, the fact that the Chinese authorities have raised no question of the taxation by the Customs of inter-trade-mart trade seems to support the view that such an extension of the Customs fiscal sphere was never contemplated. Nevertheless certain features of the situation would appear to have escaped notice at the outset. Harbin opened as a Trade Mart very soon owing to its command of both a railway and river frontier soon assumed very much the status of an ordinary Treaty Port and to a certain extent the same is true of the Harbin ex-sub-station Aigun and the frontier Marts Hunchun and Lungchings'un. In framing regulations for all these places treaty port principles were wrongly, I think, made the basis, and this has caused a certain amount of confusion. At Harbin it has led to a control of Sungari River trade which has become firmly established, at Aigun and Hunchun it has produced friction with

native authorities and traders, and for a considerable time resulted in the payment of all duties under protest supported by the Russian and Japanese representatives in China. From the foreign merchants point of view our position, confused as I believe it has been by our own application of principles which were never meant to apply, has never been understood. Accustomed to Treaty Port trade and regulations foreign merchants have considered that on passing goods over the frontier and paying the Maritime Customs duties leviable they are entitled to the same protection, facilities and procedure that they would receive at any of the Treaty Ports in China. Politically they recognise no sub-frontier at Shanhaikuan and the fact that the Customs are established at the sea-doors of Manchuria, Antung, Dairen, and Newchwang, gives them in their view the right to demand ordinary Customs treatment for their goods whether proceeding from Russia to China or abroad on the one hand, or from China or abroad to Russia on the other hand. Improvement in inter-railway traffic arrangements encouraged trade between Russia and China and between Russia and Japan *via* Dairen and already before the War it was seen that the merchants demand, reasonable in itself, would have to be met. Attempts to meet it were made by the local practice of issuing Exemption Certificates and Cargo Certificates at Manchouli, a procedure not authorised, and by the authority of the Shui-wu Ch'u conveyed in I.G. despatch No. 352/28493 for the treatment of foreign goods under Through Bill of Lading to Dairen. During the War the question remained in abeyance, but it has once more arisen, and were it not for the disorganisation in Siberia, it would have assumed far greater prominence.

My view is that we were putting the cart before the horse in attempting to apply Treaty Port principles and procedure without an understanding with all the railway systems traversing Manchuria that would give us control of cargo carried from the frontier to destination, whether sea port in Manchuria or China Proper. And I think that when the arrangements were made for opening Harbin and Antung some procedure analogous to that of the Special Manchurian Exemption Certificate should have been adopted to protect goods entering or leaving China by the northern frontier from inland taxation when in transit through Manchuria, the right to re-export privileges with issue of drawbacks to be dependent on arrangements to be made with the railways for adequate control of the cargo carried on their systems. It is difficult to retrace our steps because we have to a considerable extent given our case away, but so strongly do I feel that, until we obtain these arrangements,

our difficulties under foreign pressure will only increase, that I have been reluctant to give the word to go ahead at Kwanchengtze until our object is attained, lest by doing so we deprive ourselves of the benefit of that pressure which might otherwise be exerted on our behalf. The main reason for not establishing ourselves at Kwanchengtze at present is not that the Government is afraid of opposition to the Customs right to collect duty on goods moved between Treaty Port and Treaty Port. As I have explained I believe that there was never any intention that we should collect duty on inter-trade-mart trade or in any way tax the free movement of native goods in Manchuria. We are concerned solely with the collection of duties on trade crossing the frontier; the taxation of native trade in Manchuria is a matter for the Chinese Authorities. Moreover a movement is in progress that must sooner or later, possibly sooner, lead to the abolition of Export and Coast Trade duties and it is not desirable that we should inaugurate a system leading in the opposite direction. My object in establishing ourselves at Kwanchengtze is to provide a link in a chain of control that I foresee is indispensable to the carrying out of our proper duties in Manchuria. If I were assured that establishing ourselves there now would not retard the attainment of my object I would be prepared to go ahead, but, in any case, the station would be a Checking Station only and would not collect duty unless that duty were properly payable at Harbin, e.g., balance of 1/3rd duties payable after 1st April next.

4.—What precedes covers in the main the points you raise. Instructions have been issued to the Tientsin Commissioner not to issue *Sanlientan* for the districts of Manchouli and Suifenhö and it is hoped that this will lessen the difficulty you foresee.

In regard to the control in Harbin Railway Station I do not wish you to assume control over cargo coming from or going to South Manchuria, nor of cargo to and from places in North Manchuria except Manchouli and Suifenhö. Our objects in establishing ourselves in the Harbin Railway Station are to concentrate railway and river Customs work on one spot as far as possible and to enable cargo loaded at Harbin for export to Russian territory to be examined at Harbin instead of when crossing the frontier and similarly to enable cargo arriving from Russian territory to be examined at Harbin or bonded if that is more convenient to the merchants.

5.—What is now wanted appears to me to be an arrangement with the three Railways concerned which will make it possible for cargo passing through Manchuria under Through Bill of Lading to

be accompanied by Cargo Certificates or Exemption Certificates, to destination, *i.e.*, terminal points on the borders of Manchuria, and in the case of the Peking-Moukden Railway, Tientsin.

I am, etc.,

(signed) F. A. AGLEN,

Inspector General.

R. C. L. D'ANJOU, Esquire,
Commissioner of Customs,
HARBIN.

THE T'UNG WÊN KUAN,*

BY

DR. W. A. P. MARTIN.

THE starting point of the new education which bids fair to renovate this ancient Empire was the Tungwen College. Many affluents have contributed to swell the stream; but the original fountain was the T'ung Wên Kuan, a small school for the study of Foreign Languages opened in Peking nearly fifty years ago.

When Sir Robert Hart became Inspector General of Maritime Customs he found it in existence, but so feeble was the infant that it had to be kept alive by a sort of artificial respiration. Rightly estimating its latent possibilities, he took it under his patronage and formed large plans for its development. Fortunate it was in coming under his care, for by him it was transformed from a glow-worm to a lighthouse.

ITS ORIGIN.

It owed its birth to the necessity of providing interpreters to aid in carrying on the diplomatic intercourse imposed on China by the compulsory opening of her capital to the residence of Foreign Legations in 1860. Something of the kind is implied in the British Treaty of Tientsin signed in 1858. But, as China did all in her power to prevent the Treaty going into operation, it is safe to affirm

* *Antea*, vol. i, p. 96 (footnote).

that without the campaign of 1860, which secured the right of residence instead of occasional visits, its location would not have been so near to the Imperial Throne.

In the fiftieth article of the Treaty there are three clauses, any one of which, without making it expressly obligatory, is sufficient to render indispensable a school for interpreters. It stipulates (1°) that all official communications addressed to the Chinese Government shall be written in English; (2°) that they will, *for the present*, be accompanied by a Chinese version; (3°) that in these documents and in the Treaty itself the English text shall be accepted as the authoritative standard.

The Treaty was ratified in the Autumn of 1860; but a full year elapsed before any effective step was taken toward the creation of such a school as these terms appeared to require. In the meantime the Emperor Hienfung had died in voluntary exile; his infant son Tungchi had been proclaimed under a regency of two Dowager Empresses; and Prince Kung had succeeded by a bold stroke in making himself virtually a co-regent under the title of I-cheng Wang. He it was who organised the Board of Foreign Affairs known as the *Tsungli Yamên*.

Of this Council he was the active head, and to his memory it is due to say that his good sense and good feeling made progressive measures possible: but such measures were always suggested by others—not a few of them by the Inspector General Mr. Hart. The school of Interpreters was exceptionally fortunate in springing up under the shadow of this powerful Yamên, and in having the Prince for its chief patron.

The Prince and Ministers say in a Memorial of October 1861, "That His Majesty had been requested to command the Viceroy at Canton and Governor at Shanghai to find natives well acquainted with Foreign Languages; and to send them, with a good supply of foreign books, to the Capital. The Canton Viceroy had reported that there was no one whom he could recommend; and the governor of Kiangsu had replied that one candidate presented himself, but he was by no means deeply versed in the subject." This abortive effort to find competent natives, they add, "explains our long delay in carrying the plan into execution. Now, foreign nations at large expense employ natives of China to teach them our literature—yet China has not a man who possesses a ripe knowledge of foreign languages and letters! As therefore no native candidates were sent up, we have *no resource but to seek among foreigners* for men suitable to give instruction."

Humiliating, was it not? Yet the logic of events was destined to convince China that not only in languages, but in everything that makes a nation great and strong, she would have to accept the teaching of foreigners.

FIRST ORGANISATION.

The school, as at first organised, consisted of three classes, English, French, and Russian, with ten boys in each—the first treaties being in those languages. To these a German class was added when Germany had made herself a power and had made a treaty in her own tongue.

The English class, as of most urgent necessity, was opened in June 1862; the French and Russian in the following spring. In point of age the latter was the mother of them all—a school of Russian having been established in the Colonial office a century before this date; indicating that China had begun to recognise the importance of her northern neighbour. That school was formally transferred to the T'ung Wên Kuan; but it is not easy to perceive what there was to transfer; as it had neither teachers nor pupils. Its intangible assets were certain precedents and regulations. The latter were freely copied and the former constantly appealed to, to obviate objection, and to prove that the new departure was no novelty. It is curious how careful the Prince and Ministers were to report to the Throne every circumstance in connection with the new Institution—showing that they at least regarded it as an affair of state fraught with serious consequences.

The students were drawn exclusively from the ranks of the Bannermen, Manchu, or Chinese. They were pensioners by birth, and this arrangement would save expense; it would also secure to the ruling race any emoluments or advantages that might accrue.

Is it not evident from the limitations thus imposed, that this school for interpreters formed no part of a scheme of national education? The fugitive court had been permitted to return by the victorious Allies, but forty years later it needed again to be put to flight and once more reinstated in order to convince China of the necessity for a change of base in her educational system. Yet nothing shows the importance of that early movement to better advantage than the fact that from those four classes have come many ministers to foreign countries and one Minister of Foreign Affairs; besides other members of the diplomatic and consular services.

THE FIRST TEACHERS.

Of the English class the first teacher was the Rev. J. S. Burdon—afterwards Bishop of Victoria, Hongkong. The next was Dr. John Fryer, who became translator at the Kiangnan Arsenal and is now professor of Chinese in the University of California. The third in succession was Dr. Martin, who being engaged at the Yamên in translating a work on International Law, was asked to fill temporarily the place vacated by Dr. Fryer.

Of the French class, the first teacher was the Rev. Smorrenberg, R.C. The first of the Russian class was Mr. A. Popoff, Interpreter to the Russian Legation, who continued to serve for more than five years.

DEVELOPMENT.

Timidly as the Prince and Ministers had entered on this experiment, they were not slow to perceive that China must borrow many things from the West, if she would not continue at a disadvantage in her intercourse with foreign nations. Their clearness of vision is surprising; but they had to content themselves with a very modest billet in the way of innovations; because they were opposed by the bigotry of the “frogs in the well,” who were sufficiently powerful to throw obstructions in the way of every liberal measure. In 1865 it was decided to raise the school of interpreters to the rank of a college; by adding a scientific department, and admitting students of a high grade in Chinese learning. New buildings were erected, and the Inspector General was instructed to engage the services of a competent corps of professors—a measure which he had no doubt been the first to suggest.

The scope and motive of this undertaking are set forth in two memorials addressed to the Throne, by the Prince and his colleagues.

In the first they say:—“The Machinery of the West, its steamers, firearms and military tactics, all have their source in mathematical science. Now China has commenced the building of steamers, but we fear that if we are content with a superficial knowledge, our efforts will not issue in success. We therefore propose after mature deliberation to establish an *additional department*, into which none shall be admitted but those who are over twenty years of age having previously gained a degree in Chinese letters. For we are convinced that if we are able to master the mysteries of mathematical calculation, physical investigation,

astronomical observation, the construction of engines, and the engineering of water courses—this, and this only, will assure the steady growth of the power of the Empire.”

In the other memorial they defend their proposal against the denunciations with which it had been assailed. They say:—“We have to explain that in proposing these measures, we have neither been actuated by a love of novelty, nor fascinated by the arts of the West, but influenced solely by the consideration that an attempt to introduce arts without sciences would prove to be a useless expenditure of public funds. Those who criticise this proceeding object that it is not at present of pressing moment; that we are wrong in renouncing our own methods in favor of those of the West; and that it would be a disgrace for China to put herself under the instruction of men of the West.”

Replying to these three objections, they cite with reference to the last the example of Kanghi, who admired the science of the West, and enrolled men of the West among the presidents of the Board of Astronomy. They add that “not only do the nations of the West learn from each other—daily producing something new—but even Japan has sent men from the Eastern ocean to England to acquire the language and science of that country. Now when a small country like Japan knows how to enter on a course of progress, what a disgrace for China to adhere to her ancient methods and never think of waking up!”

It is worthy of notice that this luminous vindication was written over forty years ago; and that the argument from the example of Japan has since then been enforced by a sound thrashing which China has suffered at the hands of her island neighbour.

The Prince and Ministers go on to propose that—“Members of the Hanlin Academy shall be required to enter the T’ung Wên Kuan and apply themselves to the study of science.” The proposal was defeated through the opposition of Wojin, Manchu president of the Academy and tutor to the Emperor. Other students of high grade were however enrolled, the contingent from the Eight Banners was doubled; students were called from the schools in Canton and Shanghai; and the whole number raised to one hundred.

In the summer of 1868 a Mathematical class was formed and placed under the charge of professor Li Shenlan; a man of talent, who to a knowledge of all that China had to teach him, had added some acquaintance with Western methods, by working with Mr. Wylie at the translation of text books in Mathematics and Astronomy.

Of the Institution thus enlarged to the proportions of a college Dr. Martin was made president as well as professor of International Law, to the chair of which he had been appointed two years before. This two-fold position he continued to occupy for a quarter of a century.

During a visit to England in 1866, the Inspector General engaged a German for the Chair of Astronomy, and a Frenchman for that of Chemistry. The former * proved a charlatan, who mistook notoriety for fame; and sought to obtain money without earning it. The latter besides initiating many of our students into the mysteries of a science which eclipses the boasted Alchemy of China, gave the Chinese the first text book of Chemistry they ever possessed in their own language. Professor Billequin is the father of Chinese Chemistry, but Dr. Martin claims the honor of having christened the science by the name which it now bears, in a book on Natural Philosophy published prior to Mr. Billequin's work.

In 1871 a chair of Medicine and Physiology was established, with Dr. Dudgeon of the London Mission as its first incumbent.

In 1877 the Chair of Astronomy was filled by Mark Harrington, A.M., of Michigan. Resigning on account of health, he was succeeded *pro tempore* by Dr. Fritsche of the Russian observatory; and in 1879 by S. M. Russell, M.A., of Queen's College, Belfast.

Mr. Oliver, who came from the same college in the same year under appointment to teach English, was subsequently made Professor of Physics; and succeeded to the Presidency, when Dr. Martin resigned in 1894.

In 1876 a printing office, with seven presses and four fonts of moveable type, was attached to the college, and took the place of the Imperial Printing Office of the *Wuyingtien*.

In 1887 the number of paid scholarships was raised to 120.

FIRST FRUITS IN DIPLOMACY.

In the early days of the College, China possessed neither diplomatic nor consular service. She had been in the habit of receiving embassies from tributary states; but she sent none except such as were charged with honors or instructions for her vassals.

*Herr Johannes von Gumpach

No wonder her rulers hesitated before breaking over a venerable precedent; and that it required no little persuasion to induce them to do so. The history of the T'ung Wên Kuan connects itself with the crude beginning of their diplomatic intercourse; as well as with the maturer diplomacy of the present day.

The Inspector General, who never failed to seize an opportunity to overcome the prejudices or enlighten the ignorance of the Chinese authorities, having occasion to go home on leave in 1866, suggested that in order to get a glimpse of Foreign countries, a commissioner should be sent along with him and accompanied by some of our students. The students would test the value of their acquisitions and the report of their commissioner would be like seeing with their own eyes.

The choice fell on Pinchun, his Chinese teacher—a Manchu of affable manners and poetical talent. One of the results of the expedition was a volume of verse in which foreign life and the scenes of foreign travel are depicted in glowing colours. The students made such good use of their time that, when another mission was despatched, they were detailed to act as interpreters.

That second expedition, alike tentative—and similarly brought about by the exertions of the Inspector General—was the Burlingame Embassy of 1869; known as the œcumenical embassy because it bore credentials to half the universe. With Mr. Burlingame, Ex-Minister of the U.S., were associated a Manchu and a Chinese in the capacity of adjunct Ministers. To them were attached six students, nominally as interpreters for English, French, and Russian, though, as a matter of fact, the business of the embassy was managed by gentlemen from the Customs service. That embassy was hailed as the dawn of a new era; but it ended in misfortune and disappointment. Its distinguished chief found a grave among the snows of Russia; and his associates were politically buried on their return home—one in the wilds of Mongolia, one in the centre of China—where it was thought they could do no harm. As for the students, they had to wait long before receiving any considerable promotion.

Of late however they have been much in demand. Two have gone as Ministers to Japan; one to England; one to France; one to Germany; and a large number have found employment in legations and consulates; as well as in official posts in the provinces.

EFFECT ON EDUCATIONAL PROGRESS.

That the Chinese authorities were satisfied with the results of their experiment—however meagre in foreign eyes—is shown by a memorial of 1885, in which they review its history. They say:—“It is more than twenty years since we established the T’ung Wên Kuan and invited professors from abroad. These foreign professors have laboured with untiring diligence; and their students are daily manifesting the results of their teaching. Some have gone to legations in foreign countries; some have been appointed to office under provincial governments; and not a few to posts at various points on the seaboard—all of which must assuredly be admitted as proof of success.”

They accordingly solicit Mandarin rank of the 3rd degree for the president and of the 4th for professors Billequin and Vapereau.

When the Emperor Tungchi was set to the study of English his teachers were chosen from the students of the Tungwen College; and when the Emperor Kwang-sü resolved to create a university, there can be no doubt that he was encouraged to do so, by the success of the Tungwen College. Dr. Martin was raised to the second rank and appointed to the presidency. The T’ung Wên Kuan was then disbanded or merged in the university.*

Lists unavoidably incomplete are hereto appended; one of professors; the other of books translated. My file of the College calendar was destroyed by Boxers; and I have not been able to obtain a copy later than 1888.

PEKING, June 19, 1907.

* The T’ung Wên Kuan, as frequently happens in China, appears to have been revived *nomine mutato* as the I-hio Kwan, or College of Interpreters.

FOREIGN PROFESSORS.

*Including Gentlemen of the Customs, who have acted ad interim.**

Rev. J. S. Burdon, of English	1861
Rev. Smorrenberg, of French	1862
Mr. A. Popoff, of Russian	1862
Mr. John Fryer, of English	1863
Dr. W. A. P. Martin, of English	1864
Mr. A. Billequin, of Chemistry	1866
Mr. E. Lepissier, of French	1866
Mr. M. J. O'Brien, of English	1867
Dr. Martin, of International Law	1867
Mr. Li Shenlan, of Mathematics	1869
Dr. Martin, President	1869
Herr C. Waeber, of Russian and German	1870
Messrs. d'Arnoux, Ristelhueber, of French . . .	1870
Mr. C. Vapereau, of French	1870
Herr Titoushkin, of Russian and German	1872
Mr. E. McKean, of English	1872
Herr Hagen, of Russian and German	1873
Mr. J. P. Cowles, of English	1874
Mr. A. Th. Piry, of French	1876
Mr. L. Rocher, of French	1876
Mr. Harrington, of Astronomy	1877
Dr. Fritsche, of Astronomy	1877
Mr. H. B. Morse, of English	1878
Mr. C. H. Oliver, of English	1879
Mr. S. M. Russell, of Astronomy	1879
Herr Pander, of Russian and German	1881
Mr. Scherzer, of French	1883
Mr. W. Hancock, of English	1884
Dr. S. W. Bushell, of Physiology	1884

*From the College calendar of 1888—the latest obtainable. No attempt has been made to ascertain changes in the staff that may have taken place in the next ten years. Mr. Oliver became President in 1894.

BOOKS TRANSLATED OR COMPILED BY PROFESSORS
AND STUDENTS.

Wheaton's International Law	By Dr. Martin.
Natural Philosophy	Ibid.
Chemistry for Beginners	Mr. Billequin.
Code Napoleon	Ibid.
Guide Diplomatique	Messrs. Lienfang and Ching Chang.
Woolsey's Int. Law	Messrs. Wang Fungtsuo and Fungyi.
English Grammar	Wang Fungtsuo.
Fawcett's Polit. Economy	Ibid.
History of Russia	Students of Russian Class.
Outlines of the World's History	Yangshu and Changsiu.
Advanced Chemistry	Mr. Billequin.
Mathematical Physics	Dr. Martin.
Physiology	Dr. Dudgeon.
Astronomical Almanac, 1877	Mr. Harrington.
Astronomical Almanac, 1878	Dr. Fritsche.
Astronomical Almanac, 1879	Mr. Russell.
Bluntschli's Int. Law	Messrs. Lienfang and Ching Chang.
Mathematical Exercises	Messrs. Sikan and Kweyung.
International Law in Ancient China	Dr. Martin.
Elements of Astronomy	Mr. Russell and Students.
Penal Code of Straits Settlements	Mr. Wang Fungtsuo.
Franco-Chinese Dictionary	Mr. Billequin.

These books were mostly executed by professors and students conjointly.

**Memorandum on Negotiations concerning re-opening of Kiaochow
Customs conducted by the Inspector General with the
Japanese Minister, 1915.**

On the 9th July the Inspector General met the Japanese Minister by appointment at 11 a.m. at the Japanese Legation. The Inspector General opened the negotiations by informing the Japanese Minister that his instructions covered two points:—(i) that the conditions on which the Maritime Customs should function in the leased territory should be in conformity with the Agreements concluded by the German Government with the Chinese Government, and (ii) that the Agreement should be provisional. The Japanese Minister at once replied that his instructions from his Government were the same as regards the first point, but he was instructed to demand that the Agreement should contain a clause to the effect that it should remain permanently in force even if it should be eventually decided to restore the leased territory to China. The Inspector General observed that this demand appeared to him to be hardly applicable to the circumstances in which these negotiations were undertaken. He understood that notes had already been exchanged between the two Governments which established the fact that the question of the German leased territory was in a state of suspense and laid down the conditions on which, if left to the free disposal of Japan, it might eventually be restored to China. The Inspector General offered the opinion that a demand of this nature would effectually block further negotiation and in any case his instructions did not empower him to entertain it as a basis of negotiation.

The Japanese Minister replied that he held privately the same opinion as the Inspector General in regard to this demand and that he would communicate the Inspector General's view to his Government. Meanwhile seeing that the instructions each negotiator had received from his Government on this point were mutually contradictory, it would be best to proceed to discuss other matters in connection with the Agreement, and for each to refer to his Government for further instructions on the point in dispute. The Inspector General agreed to this proposal and the Japanese Minister handed to him a rough draft of the matters to be discussed. These fell naturally under two heads namely, matters immediately concerning and arising out of the re-opening of the Maritime Customs Office at Tsingtau, and matters concerning Customs appointments generally entirely within the discretion of the Inspector General. In regard to the former there was no difference of opinion in principle, and the Inspector General agreed to submit a draft Agreement embodying the points agreed upon at the next meeting.

In regard to the latter the Japanese Minister evinced a conciliatory attitude, gave due weight to the Inspector General's representations and agreed not to press certain requests which the Inspector General objected to as being contrary to the principles on which the Customs Service was administered. The meeting then terminated. In the interval the Inspector General communicated to the Chinese Government the demand preferred by the Japanese Government that the Agreement should be permanent, and received instructions to confine negotiations within the limits originally laid down. Accordingly a meeting was arranged for July 15th at 11 a.m., and the Inspector General handed to the Japanese Minister the following note:—

The Inspector General, having communicated to the Chinese Government the desire of the Japanese Government that the Agreement about the re-opening of the Chinese Maritime Customs Office at Tsingtau should contain a clause to the effect that the arrangement shall continue in force after the conclusion of the war, irrespective of the final decision concerning the disposal of the German leased territory, has received instructions from the Chinese Government to confine the negotiations to the question of the re-opening of the Chinese Maritime Customs Office at Tsingtau and its functioning there provisionally during the period of the Japanese occupation of the leased territory.

The Inspector General also handed to the Minister a draft Agreement consisting of a preamble and four articles for his consideration and the meeting terminated on the Minister undertaking to communicate further with the Inspector General when he should have received instructions from his Government. After the elapse of little more than a week the Inspector General received a note from the Japanese Minister stating that he was prepared to continue negotiations and a meeting was arranged to take place at the Legation at 10 a.m. on 24th July. The Japanese Minister informed the Inspector General that his Government had withdrawn the demand for permanency of the Agreement but desired that the provisional clause in Article I of the draft submitted by the Inspector General at the previous meeting should be removed.

With this change and the excision of the word "formerly" in the preamble of the draft, which the Inspector General at once agreed to, the Minister was prepared to sign.

The Inspector General replied that as his original instructions were to make the Agreement provisional, it would be necessary for

him to refer to his Government the request for removal of the provisional clause. He undertook to do this without delay and to communicate the Government's reply as soon as possible.

The Chinese Government on reconsideration instructed the Inspector General to propose to the Japanese Minister to withdraw the provisional clause from Article I of the draft Agreement and to insert the word "provisional" before the word "functioning" in the preamble.

At a meeting held in the Japanese Legation on 27th July, the Inspector General duly communicated to the Japanese Minister the proposal of the Chinese Government to exclude the provisional clause in Article I of the draft Agreement about the re-opening of the Chinese Maritime Custom House at Tsingtau, and to add the word "provisional" before the word "functioning" in the preamble.

The Japanese Minister refused to accept this proposal. His argument was that the Japanese Government having objected to the provisional clause in the Agreement would certainly object to the insertion of the word "provisional" in the preamble. The Inspector General asked whether he would refer this point to his Government and he replied that he did not propose to do so: he added that the Chinese Government's insistence upon this point would provoke the Japanese Government.

The Inspector General pointed out that the Chinese Government's request was not unreasonable. It is admitted that the question of the Kiaochow leased territory is at present in a state of suspense. Therefore to insert the word "provisional" in a Customs Agreement conflicted with no principle inherent in the existing state of things. It was difficult to see what valid objection could be raised against such insertion.

The Japanese Minister replied that at the outset of the negotiations he had been instructed to stipulate for a clause making the Agreement permanent. The Japanese Government had now withdrawn this demand and he considered that the Chinese Government should agree on its side to withdraw its request for a provisional clause, and to allow the Agreement to be signed without any mention of the word "provisional" appearing in it.

The Inspector General represented that the Japanese Government's original demand differed from the Chinese Government's request in that it introduced into the Customs Agreement a principle at variance with the existing situation, whereas the Chinese Government's request was strictly applicable to that situation. Admitting

that the provisional clause was unnecessary in the circumstances, it could certainly not be said to introduce any new or objectionable principle. The Inspector General further remarked that it would be a pity to hang up the whole question on this one single point.

The Japanese Minister merely replied that the Japanese Government attached importance to its standpoint and that in his opinion it would not recede from it. The meeting then terminated on the Inspector General stating that he would communicate the Minister's reply to the Chinese Government and would inform him of the outcome.

On 3rd August the Inspector General received verbal instructions from the Ministers of the Shui Wu Ch'u to withdraw the provisional clause from Article I of the draft Agreement, and, with this modification, to sign the Agreement as drafted. The Inspector General immediately informed the Japanese Minister in a note of same date. The Japanese Minister replied that he was referring the points discussed at the meeting of 24th July to his Government and that in the meanwhile he could make no declaration concerning the Agreement.

On 6th August the Japanese Minister informed the Inspector General that his Government had approved of the draft Agreement and that he was prepared to sign.

The Agreement was signed the same day in duplicate. In a note sending the Agreement for signature the Inspector General placed on record certain matters concerning Customs appointments at Tsingtau and Dairen and increased Japanese representation in the Service.

F. A. AGLLEN,

Inspector General.

PEKING, 12th August 1915.

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**Memorandum by Sir Francis Aglen on the Chinese Revolution
of 1911 and the Maritime Customs Service.**

The political upheaval of 1911 brought in its train for the Customs Service new duties and increased responsibilities. At the ports these took the form of having to receive and account for the revenue collection in cash. At the Inspectorate the duty of auditing the port collections and of accounting for them to the Chinese Government devolved upon the Inspector General with its corollary the creation of a Loan and Indemnity Service to provide for payment of all China's foreign loan obligations secured on the Maritime Customs revenue, as well as of all payments on account of the 1901 Boxer Indemnity secured as a first charge on the Native Customs Revenues and the unmortgaged balance of Maritime Customs revenue.

Previous to the Revolution the Commissioners of Customs had merely accounted for the Revenue they were instrumental in collecting, but had not handled the actual cash which was paid into Customs receiving Banks against receipts. Production of these receipts at the Custom House was necessary to procure release of cargo and they constituted in the Commissioner's hands the vouchers for his collection. The Customs Banks were under the control, not of the Commissioner, but of his colleague, the Superintendent, who in many cases was a territorial official owing his appointment directly to the Throne. It was the Superintendent who in the first instance was responsible for the disposal of the Maritime Customs collection at the ports to the higher provincial authorities, and these in turn accounted for it to the Board of Revenue. Only a portion of the Revenue was actually remitted to Peking, and, so far as is known, none of it was specifically allocated as such for payment of the obligations secured on it. China's foreign loan service was concentrated at Shanghai in the hands of the Shanghai Taotai to whom were remitted funds from the Provincial Treasuries—each province being responsible for a fixed annual quota. The Central Government having once fixed the amounts to be contributed would appear to have exercised very little control over the loan service, and a good deal of elasticity seems to have prevailed both as regards the sources from which the funds were derived and the dates of remittance, at any rate to the time of the Boxer outbreak. But even during that period of disturbance, loan payments were regularly met by the Shanghai Taotai as they fell due. The 1901 Boxer Indemnity enormously increased the burden of debt carried by the provincial exchequers and it is probable that the combined Loan and Indemnity Service for which the Taotai was thenceforth

responsible necessitated more method and greater regularity in the provincial remittances. There is some obscurity as to the actual procedure followed, but the results were satisfactory, and no creditor had to complain of any want of punctuality in meeting the payments due. Needless to say the foreign receiving banks on their part were satisfied with matters as they were, and raised no question concerning the disposal by the Government of the revenues pledged. When however Provinces began to throw off allegiance to the Central Government it was at once apparent that the system by which the foreign debt had been served would break down, and the need for conserving every cent of the revenue, pledged as security for foreign loans and indemnity, by removing it from the control of the provincial authorities, became a pressing one.

The startling suddenness with which the anti-dynastic movement began in October 1911 and its rapid spread allowed of no prearranged plan of action, even if the necessity for such an emergency could have been conceived. Each Commissioner of Customs, as the Imperial Authorities at the ports were either ousted, fled, or went over to the revolutionary party, instinctively assumed control of the Customs Bank and the Revenue Collection in the name of the Inspector General. For the sums collected up to the date of such assumption of control no responsibility was taken. Very little difficulty was experienced in establishing control, and it speaks well for the patriotic feelings of the revolutionary leaders and their sense of national obligation that scarcely any attempt was made to interfere with the Customs collections at a time when command of ready money for fighting purposes was of vital importance. At most places a word of explanation sufficed: at a few ports an assurance was demanded from the Inspector General that Customs revenue would not be placed at the disposal of the Imperial Government, and one independent Governor was only satisfied when the Inspector General agreed to prefix the word "neutral" to the title of his local revenue account. In few countries would a matter of this kind have been approached in such a spirit of common sense and sweet reasonableness, for it must be remembered that the Inspector General was the official subordinate of the Imperial Government, and at the northern ports where that Government still retained control the very considerable revenue that he and his Commissioners were instrumental in collecting continued to flow unchecked into the Imperial coffers. The falsity of the position in which the Inspector General was thus placed soon of course became intolerable, and, as the Legations were becoming anxious about the Service of the Foreign debt which had completely

broken down, and were on the point of making demands, the Inspector General suggested to the Imperial Government that the Customs revenues of the northern ports, which had not seceded, should be placed under his control on precisely the same footing as the revenues at those ports where control had already been assumed. The suggestion was immediately complied with—a proof that the Imperial Authorities were in no way behind the revolutionary leaders in their desire to do what was right and proper for the maintenance of national credit. The Legations moved in due course and were told in reply to their representations that measures had already been taken to secure for the foreign loan and indemnity service all revenues pledged. The International arrangements that followed, in pursuance of which the Loan and Indemnity service was placed in the Inspector General's hands, will be found recorded in British Blue Books "China" No. 1 (1912) No. 121, "China" No. 3 (1912) Nos. 1, 59, 81, 92, and 113, and "China" No. 3 (1913) Nos. 24, 25, 31, 37, 40, 63, and 73. It is to be noted that these arrangements were made with, and sanctioned by, the Imperial Government before its fall, and that they have been scrupulously respected by the Republican Governments which succeeded it. Some unavoidable delay occurred at the outset in meeting loan payments that had been deferred pending the conclusion of the above arrangements, but all payments were eventually and easily met from the funds that had in the meantime accumulated. The Indemnity arrears offered more difficulty and special measures had to be taken to pay them off: but once this had been effected, the combined Loan and Indemnity Service worked smoothly and automatically. With assistance from the Salt Revenues pledged as second security for the Indemnity, there have always been ample funds to meet all requirements. The Loan and Indemnity service is conducted at Shanghai by the Commissioner of Customs under instructions from the Inspector General. Periodical accounts are rendered by the latter to the Chinese Government and to the Commission of Bankers representing the interests of the foreign creditors. The sensible compromise of which these arrangements are the expression—leaving in China's hands the management of her debt with absolute security for her foreign creditors, is eminently characteristic of the country; but without an organisation of the peculiar nature of the Customs Service it would have been impossible. Indeed it is by no means an over-statement to maintain that the Service in 1912 stood between its employers and a "*Caisse de la Dette*."

PEKING, 28th January 1917.

Memorandum on Chinese National Loans of 1914 and 1915.

The idea of raising money other than by the imposition of fresh taxes from her own people was not an entirely new one to the Chinese Government. The Republican movement was in part financed by more or less voluntary contributions, and since the inauguration of the Republic tentative efforts had from time to time been made to place government bonds on the market. These were, however, for comparatively small amounts and they were placed almost entirely with the official classes, subscriptions being assured by the very simple process of deduction of the required amounts from government salaries. The loans were, in fact, forced contributions and did not really reach the mercantile classes or interest the private investor.

The suggestion that an honest attempt to reach these classes should be made was placed before the late President Yüan Shih-k'ai about the time when he had consolidated his power at the close of 1913, and when no doubt the dream of empire was already beginning to gather shape in his brain. Various difficulties in the way of borrowing abroad had begun to show themselves, and the President was attracted by the possibility of cutting adrift from the foreign financial groups and syndicates, whose favours meant more and more curtailment of China's financial freedom. The Chinese, however, very seldom accept a cut and dried proposal, and they are in the habit of taking an idea and working it out in their own way, adopting such parts of a scheme as they think will be useful for making a good impression, while very often leaving out the kernel of the whole matter. The suggestion which had been laid before the President was, shorn of detail, that a silver loan should be floated in China secured on some permanent form of security such as the unmortgaged revenue of the Salt Gabelle, and that the issue should be entrusted to the Hongkong and Shanghai Bank, an institution in close touch with all the Chinese trade and financial interests.

The suggestion, as developed in the subtle brain of Liang Shih-yi, resulted in the National Loans of the Third and Fourth Years of the Republic. The foreign dress was retained as far as possible but the body beneath was essentially Chinese. The loans were to all intents and purposes compulsory loans as far as the Chinese subscribers were concerned, and without the necessary pressure applied in divers ways, it is doubtful whether they could have been subscribed. Nevertheless the foreign dress was retained: the loans were issued in proper form with prospectus, amortization tables, specifically pledged securities, elaborately engraved bonds,

and all the machinery for a regular loan service which for window dressing purposes was entrusted to the Inspector General of Customs. And though the pledged revenues have long since been diverted and used for other purposes, and the loan service machinery, as originally devised by the Government, has broken down, it is perhaps not too much to say that it is the foreign dress that has kept the loans together and compelled the Government to recognize them as national obligation of the first rank long after all the money that was raised has been spent.

* * * * *

The Third Year Loan, which was launched in the autumn of 1914, was in the first instance limited to \$16,000,000. The idea of underwriting the loan was taken up but was soon found to be impracticable, and underwriting therefore as understood in western countries there was none. Instead the government devised a plan whereby it was open to all and sundry to become its agents in the disposal of the bonds, and for this purpose compiled a formidable mass of regulations setting forth the conditions under which the post of government agent would be granted. While the conditions were stringent the scale of commission was not large enough to have a compensating influence, and thus it was hardly likely that the Government would be embarrassed by a superfluity of applicants. But in China there is always the official classes to fall back upon, and what the ordinary man would hesitate to undertake those in official employ are often bound to accept.

It soon became apparent that the Government having once committed itself was bent upon success, and that *nolens volens* the money would have to be forthcoming. On the other hand the terms offered were by no means niggardly. The price of issue was fixed at 94. Interest was to be paid half-yearly at the rate of 6% per annum, the first coupon period being dated 31st December 1914, in spite of the fact that the loan was only floated in the late autumn of that year. Amortization was to take place within twelve years. The unhypothecated revenues of the prosperous Peking-Hankow Railway and certain metropolitan taxes were pledged as security. The Staff of the newly created National Loan Bureau was to be reinforced by the appointment of one or two foreigners, while the Inspector General of Customs was invited to become Vice-Chairman of the Bureau, and in that capacity to take charge of interest payments, which were further secured by the deposit of a sum equal to one full year's interest, to be lodged in any foreign banks—this

point is important—the Inspector General chose to nominate. But this was not all. Purchasers of bonds within a prescribed period were to receive preferential treatment, varying from a bonus of one year's interest to the payment of the first year's interest in advance. What with these attractive terms and the pressure brought to bear on officials the result was highly satisfactory, so much so indeed that the loan, which had in the meantime been augmented to \$24,000,000 by a supplementary issue of \$8,000,000 was considerably over-subscribed.

Encouraged by its first success the Government was not slow to embark upon a second venture. Hard on the heels of the Third Year Loan there followed, in the spring of 1915, a Fourth Year Loan. It was decided to offer for subscription another \$24,000,000, and the terms of the prospectus appeared if anything more inviting than those of the previous loan. The price of issue was reduced to 90 and the term of amortization to eight years. On the other hand the security offered was of a rather more nebulous character, certain provincial revenues being pledged which depended for their realization upon the control exercised by the Central Government over the Provinces. As before, the service of the loan was entrusted to the Inspector General, and a guarantee fund of one full year's interest produced; this time, however, not in cash, but by orders on the Bank of China, where half the deposit was to be lodged, the remaining half going to the Bank of Communications,—a proceeding the evil effects of which were soon to be realised. In other respects the terms differed little from the Third Year Loan issue. It is hardly necessary to add that the loan was fully subscribed.

To provide for the service of the loans, accounts were now opened by the Inspector General for the Third Year Loan, and subsequently for the Fourth Year Loan, with the Peking branches of the two government banks, the Bank of China and Bank of Communications. Into these accounts were paid monthly the sum of \$240,000 received from the Loan Bureau and representing one-sixth of the interest due half-yearly on each loan. These amounts were received in the form of native orders drawn on the Bank of China. Similarly, after checking the coupons surrendered, the Loan Bureau sent on to the Inspector General all claims for interest advances, made either by the Provincial Bureaux, Chinese Consuls abroad, the metropolitan banks, or the branches and agencies in the provinces. Now it will be readily seen that under such an arrangement all these transactions might easily develop into a mere process of bookkeeping between the Loan Bureau and the government banks. The Loan Bureau issued orders on the

banks—the affairs of the two banks are so much interrelated that they are here considered as one—to the Inspector General, who in turn passed them on to the banks again for the credit of the loan accounts, while finally the banks themselves recovered the money in the form of repayment of interest advances, thus completing the circle. In such circumstances it was an easy matter for the Loan Bureau to keep up the monthly instalments even when short of funds; for the Bureau was, and is, nothing more than a branch of the Ministry of Finance with whom the banks were in no position to quarrel.

Notwithstanding these dangers, so long as the Government steered clear of political crises the service of the loans proceeded smoothly enough. Coupon payments were made in notes of the Bank of China and Bank of Communications, which, circulating freely in Peking and all the large centres of trade at par, gave coupon holders the equivalent of each payment. Besides, there were, ostensibly, the securities pledged under the loan agreements to fall back upon in case of necessity. Thus for the moment all went well. But there were rocks ahead. Already by the middle of 1915 President Yüan Shih-k'ai was preparing the ground for his monarchical campaign; and when, towards the end of that year, he decided to override the determined opposition of the provinces to his ambitious schemes by military force, the financial stringency, already great, was quick to break under the strain, and the principal sufferers were the two government banks which were mercilessly mulcted to provide funds for a military expedition against the rebellious provinces.

Though the monarchical movement came to nothing its evil effects were incalculable. Provinces remained in revolt, the treasury was empty, and the two banks had to face a large note circulation with a reserve fund reduced by the Government to the point of extinction. The culminating point was reached when in May 1916 a so-called "moratorium" was proclaimed. This was in no sense a moratorium as generally understood. It was merely an expedient to prevent the collapse of the government banks whose resources had been drained by the Government, leaving nothing to carry on business with but a government overdraft of about \$80,000,000. Its immediate effect was to send the notes of the two banks, which had hitherto circulated at par in Peking, to a discount of 30 or 40 per cent, at which price they have since, with slight fluctuations, remained. The foreign banks cease to handle them as they had previously freely done, and deposits with the two Chinese banks at Peking whether fixed or on current account became

unwithdrawable. It is to be noted, however, that the so-called moratorium did not affect the important Shanghai and Tientsin branches of the banks, and note circulation at those places was maintained at par. Peking coupon holders therefore as a rule sent their coupons for collection either to Tientsin or Shanghai, and received the equivalent of cash. It is largely due to the independence of the Tientsin and Shanghai branches of the Chinese banks that the loan service has been maintained uninterruptedly in spite of the fact that large portions of available loan funds were locked up in Peking in the form of unconvertible paper.

To avoid a further accumulation of paper funds every effort was now made to obtain the monthly remittances from the Ministry of Finance in cash. This for the month of May 1916 was actually accomplished, but it was the last instalment of any description, paper or otherwise, procurable from the Ministry. As for the securities pledged by the Government these were either beyond its reach or completely ignored. The \$240,000 received for the month of May were deposited in foreign banks with a view to forming an interest fund realisable in silver.

The loan funds were now in a bad way. As far as could be seen no future remittances would be forthcoming, and, with the exception of the \$960,000 lodged with foreign banks, as one year's interest on the Third Year Loan, before it was increased from \$16,000,000 to \$24,000,000, and the above-mentioned \$240,000, the balance remaining in the loan accounts and the whole of the Fourth Year Loan guarantee, amounting to \$1,440,000, as well as \$480,000, received when the Third Year Loan was increased, could only be realised at the heavy discount already mentioned.

In June 1916 Yüan Shih-k'ai died, and it was hoped on the accession of his successor the credit of the banks would in some degree be restored. It was a vain hope. A period of general unrest ensued which, with the trouble which now began between the reconvoed Parliament and the Cabinet, did nothing to alleviate the situation. In these circumstances the only course left was to break up the guarantee deposits as they were needed month by month, in hope that before they were exhausted some other means of supporting the loans would be improvised. A beginning was made with the Fourth Year, and that part of the Third Year, guarantee funds which existed only on paper. It was considered desirable to exhaust all this paper money before touching the deposits held by the foreign banks, thus forcing the Loan Bureau and the banks to accept the paper money at its face value. This procedure involved

the Bank of China in a certain measure of unavoidable loss. For it has been the practice to refund all interest claims by drawing equally on the two banks. Thus the Bank of China found itself saddled with cheques on the Bank of Communications whose notes were at a greater discount than its own.

In pursuance of the policy just described interest coupon periods were as required filled up from the Fourth Year and part of the Third Year Deposits. But this process could not continue indefinitely, and it was not long before all the funds from this source had been allotted to periods and no more paper money was forthcoming. At this juncture, however, political events took place which changed the whole situation. When the German Government announced its determination to carry on unrestricted submarine warfare China, amongst other neutral countries, voiced her protest against this barbarous practice, and threatened to break off diplomatic relations if it were adhered to. No satisfactory assurances being received, the German Minister in Peking was handed his passports on the 14th March 1917. The breach with Germany now made available the instalment of the Boxer Indemnity hitherto payable to that country, and the instalment being paid from revenues of the Maritime and Native Customs Establishments under the direct control of the Inspector General, made possible an arrangement to retain for the service of the loans the sum of \$120,000 a month for the months of April, May, June, and July, and from August onwards to appropriate each monthly instalment in full. In spite of some opposition from the Chinese banks it was also decided, to prevent these funds from being tampered with, to place them in the Hongkong and Shanghai Bank at Shanghai.

In the meanwhile, as already stated, the guarantee funds held by the Chinese banks, had all been allotted to coupon periods, provision for which in future had to be sought elsewhere. Two courses were now open. Either to make inroads upon the funds lying in the foreign banks—and the Inspector General was very reluctant to do this—or to finance new coupon periods with the balance remaining over from moneys allocated to previous periods but not yet drawn on. Following out the policy of utilizing paper money wherever possible, the latter course was chosen. Now for one reason or another these balances were by no means negligible. It is idle to speculate why interest due, say, in June 1915 was still unclaimed two years later. The fact remains that it was so, and that in the meantime there were interest periods falling due which were in pressing need of funds. The new periods were therefore filled up, as when required, from these older periods. But the

latter were not left unprovided for. On the contrary, for every sum drawn from them in this manner, a similar sum was allotted to them from the funds at Shanghai. This enabled all the larger interest claims for the later periods to be met from paper money, while cash was paid for the smaller claims still coming in from time to time in respect of the earlier periods. In other words the paper money was being exhausted while the silver was conserved.

The outlook now assumed a more hopeful aspect. For April, May, June, and July there was an assured income in hard cash of \$120,000 a month—or half the monthly requirements of the two loans—while from August onwards it was hoped that, with the entire German Indemnity at the disposal of the loans, it would be possible to realise the full \$240,000 a month, with something over to go to the building up of the guarantee fund again. Moreover there was by this time a considerable reserve to fall back upon in the form of accumulated interest, both in guarantee funds and current account. Part of this was, of course, paper money, and as such went to help swell the coupon period funds. The remainder was held in reserve. The result of all these adjustments was that by the end of 1917, without for one moment having ceased to meet all interest obligations, and without having touched the guarantee deposits with the foreign banks, save to concentrate them as far as possible at Shanghai, the national loan service was on a sounder financial footing than it had ever been at any previous time—and that in spite of the fact that, owing to the continued depreciation of the mark, the instalments received from August to December 1917 did not come up to expectations. At the time of writing, February 1918, no more paper money exists, every dollar having been disposed of at its face value, and a sum of over *Sh. Tls.* 200,000, derived exclusively from interest earned by the loan service moneys, has been placed on fixed deposit. With the exception of \$120,000 held by the Chartered Bank in Peking, the loan funds are now all safely lodged at Shanghai, and the accounts with the Chinese banks closed. It is perhaps rash to indulge in prophecy, but unless the unforeseen occurs, the interest payments of China's first two domestic loans should henceforth proceed as smoothly and regularly as if there were behind them the full weight of diplomatic protection and support.

It is now necessary to turn to the amortization of the loans. Under the loan agreements the first annual drawing of Third Year Loan bonds, amounting to \$2,769,000, was due to take place on the 15th December 1917, while the first drawing of Fourth Year Loan bonds, amounting to \$4,000,000, was due to take place two months later, namely 15th February 1918. Here again it seemed as if

China's foreign policy would come to the rescue, for in August 1917 the rupture with Germany was followed by a declaration of war both against Germany and her ally Austria-Hungary, and, in consideration of China having placed herself unreservedly on the side of the Entente, it was agreed—with the exception of the trifling amount due to neutrals and a portion of the Russian Indemnity—to postpone payment of the Boxer Indemnity for a period of five years. The amount thus released to the Chinese Government was more than sufficient to provide for the amortization of the loans, and a proposal to make use of the funds for this purpose was sympathetically considered by the Ministry of Finance. The scheme, however, did not mature. But the Government was now beginning to show some zeal for the loans so long neglected, and in this repentant mood put forward a counter project for the raising of the necessary funds. This, in brief, was to place in the hands of the Inspector General the revenues, estimated at some \$7,000,000 per annum, derived from the Native Customs establishments of China, other than those pledged as security for the Boxer Indemnity, that is to say, all those establishments still outside the control of the Maritime Customs. As, however, it was important to proceed as soon as possible with the drawing of the Third Year Loan bonds, and time would be necessary to accumulate sufficient revenue for this purpose, the Ministry of Finance undertook to procure an advance of \$2,769,000 from the Bank of China and Bank of Communications, on the understanding that it should be a first charge on the revenues now to be placed under the Inspector General's control. The project was welcomed by the Inspector General as an earnest intention of the Government's, and satisfactory arrangements have since been made to give effect to it. There the matter stands for the present; but it is hoped that it will be possible to make similar arrangements for the drawing of the Fourth Year Loan bonds due to take place on the 15th February.

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To sum up: Ample measures have now been taken to provide for the interest of the loans, and the future can in this respect at any rate be faced with all confidence. As to the redemption of the bonds it is perhaps premature to venture an opinion. Everything depends upon the success of the new enterprise which has now been undertaken. At the outset great results are not to be looked for. Friction there is bound to be, in greater or lesser degree, until the provincial officials have become accustomed to the new order of things. But it is greatly to be hoped that, with China's awakening

patriotism, provincial prejudice and narrow-mindedness will gradually give way to the realisation that, after all, the restoration of government credit is essential to the well-being of the body politic, and that in lending their support to this new enterprise, those involved will in some measure be contributing to this end.

(signed) F. A. AGLEN,

Inspector General.

PEKING, *January* 1918.

**Memorandum by Sir Francis Aglen, Inspector General of Customs,
for the Ministry of Finance, on a suggested alteration
of the 1912 Agreement.**

Article No. 2 of the seven articles of Agreement arranged between the Chinese Government and the Diplomatic Body with regard to the Inspector General's control of Foreign and Native Customs Revenue reads as follows:—

The Banks chiefly interested, viz., the Hongkong and Shanghai Banking Corporation, the Deutsch-Asiatische Bank, and the Russo-Asiatic Bank shall be custodians of the Customs funds at Shanghai. At the end of each month, beginning with January 1914 the surplus, after all payments due each month on account of loans secured by the Customs Revenue and contracted previous to 1900 have been fully met, shall be divided *pro rata* amongst the banks having charge of the Indemnity service up to the amount of the instalments respectively due to them each month.

Article No. 7 contains the following stipulation:—

The above arrangement is subject to future revision should circumstances require it.

The only mention in this agreement of the Customs Surplus is in Article No. 2 quoted above, which lays down that the surplus shall be divided *pro rata* amongst the banks having charge of the Indemnity service. The reason for this stipulation was that in 1914 silver exchange was very low, and, after meeting all payments due on account of loans secured on the Customs Revenue, there

was not sufficient balance to meet the monthly Indemnity instalments. To make up the full monthly Indemnity instalment funds had to be drawn from the Salt Revenue.

The Customs Surplus, therefore, in the terms of the agreement, merely refers to the balance left after meeting Customs secured loan payments, and the balance had to be distributed *pro rata* amongst the banks having charge of the Indemnity service. A surplus in the sense in which the term is now used was not contemplated at the time when the agreement was concluded.

The rise in exchange has altered for the time being all the conditions. So far from there being insufficient revenue moneys to meet the Indemnity instalments, funds are now sufficient to meet these instalments in full and in addition to refund to the Salt Revenue the Re-organisation Loan instalments, and when all these obligations have been fully met and provision made for special appropriations such as the loan to the Chefoo Breakwater Commission and the Min River Conservancy Commission, etc., there is still a considerable balance on which there is no foreign obligation whatsoever. This is the Customs Surplus in the sense in which the term is now employed.

It is quite clear that the International Agreement does not touch the question of the disposal of the surplus and it is therefore very questionable whether the Diplomatic Body has the right to withhold it. It is also quite clear that present circumstances require revision of the Agreement. The Inspector General accordingly suggests that the Chinese Government, basing its action on Article No. 7 of the Agreement, should now request revision of Article No. 2 in the following sense:—

The banks chiefly interested, viz., the Hongkong and Shanghai Banking Corporation and the Russo-Asiatic Bank, shall be custodians of the Customs funds at Shanghai. At the end of each month after all payments due each month on account of loans secured by the Customs Revenue and contracted previous to 1900 have been fully met, the amount required to meet the monthly Indemnity instalment shall be divided *pro rata* amongst the banks having charge of the Indemnity service. The balance available after due provision has been made to meet the monthly instalment of the Re-organisation Loan and such appropriations for special purposes as have been duly sanctioned shall be distributed in *pro rata* shares

between the Central Government and the Canton Military Government at the end of each half year or at such other times as may in the Inspector General's discretion be convenient, having due regard to the maintenance of the Loan and Indemnity service and all possible contingencies.

If the Agreement is modified in this way it will not be necessary to apply to the Diplomatic Body each time a release is demanded, the Customs Revenue Surplus being treated very much in the same manner as the Salt Revenue Surplus.

F. A. AGLEN,
Inspector General.

PEKING, 27th June 1919.

Letter from Sir Francis Aglen, Inspector General of Customs, to
H.E. Dr. Wu Ting Fang, Minister of Foreign Affairs
to the Canton Military Government on the
disposal of the Customs Surplus.

25th June 1919.

DEAR DR. WU TING FANG,

I have received Your Excellency's letters dated 14th and 16th June, concerning disposal of the Customs Revenue Surplus. In the former you state that the Military Government considers me responsible for the disposition of these funds regardless of the sanction of the Diplomatic Corps, and that in the event of the release of the whole or any portion of the surplus to the Peking Government without at the same time a fair and reasonable portion of the same being paid to the Military Government, I shall be held accountable. In the latter you point out that the non-recognition of the Military Government by the Foreign Powers does not enter into the question and that no importance should be attached to it, and that funds being urgently required to preserve peace and maintain order, the responsibility for failure to maintain order, if I do not release the surplus to your Government, will rest on me. Finally you lay stress on the legitimate claim the South-western Provinces have to a just proportion of the Customs Surplus, and maintain that as I am custodian of the funds it is my plain duty to see to it that these funds are handed over to the proper authorities.

In regard to your last point, I am so far in agreement with you that I have consistently urged the claim of the Canton Government to a *pro rata* portion of the surplus. This view is I believe beginning to prevail here in the opinion both of the Peking Government and of the Diplomatic Body. But you are wrong in maintaining that I am the custodian of the funds. I am the accountant of the funds and in that capacity I conduct the Loan Service. The custodianship is vested by international agreement in certain foreign banks. I have no independent disposal of the funds and you attribute to me powers which neither the Peking Government nor the international agreement have given me. It is my business to conduct the Loan Service and to state what surplus is available after all obligations have been met and all contingencies have been provided for but there my responsibility ceases. It is neither my business nor my duty to say how the surplus shall be distributed and it follows therefore that I can in no way be brought to account or held responsible for any failure to dispose of the funds in a given way.* In fact I disclaim all responsibility and refuse to be burdened with it. At the same time it is my earnest desire to see the funds so distributed that all who consider they have a claim on them shall be satisfied and it is for this reason that I have urged the claims of Canton when I have been given the opportunity of doing so. I believe this question is in process of being satisfactorily settled.

Yours very sincerely,

(signed) F. A. AGLEN.

H.E. DR. WU TING FANG,

Minister of Foreign Affairs,

CANTON MILITARY GOVERNMENT.

*The Presidential Mandates of the 3rd and 13th March 1921 and of the 19th September 1923 altered the Inspector General's position in this respect. *Vide* "China's Customs Revenue since the Revolution of 1911" (3rd Edition), Shanghai, 1935, pp. 304, 305, 319, 324, and 343. In 1928 the Ministry of Finance of the Kuomintang Government assumed complete control of the Customs revenue.

Customs action in support of Canton River Conservancy.

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, *8th May 1919.*

MY DEAR WILSON,

I have received your despatch No. 10,558, on Canton River Conservancy, but I think it best, at this stage to reply semi-officially, and, until development crystallizes Customs action and defines more clearly our connection with the matter, to continue correspondence in this form.

I append, for your information, a copy of a Memorandum I submitted to the American Minister at the time when the question of the Release of Customs Surplus was occupying the attention of the Diplomatic Body, with a view to obtaining support in Diplomatic Quarters for an appropriation of a portion of the Surplus for Canton's Conservancy needs. I had previously prepared the ground in the Ministry of Finance for such a disposal of the available funds. I wanted two million dollars to be appropriated but the Ministry cut the amount down and the Diplomatic Body passed the appropriation demanded.

One of my objects was of course to give the Canton Government face in a matter which had become a burning question between North and South—namely the disposal of the Revenue: another was to preserve the existing Conservancy organisation intact and to prevent it going to pieces from lack of funds. It will, therefore, I consider, be justifiable to regard the upkeep of the organisation as a first charge on the million dollar grant. The sycee converted at your collection rates should ultimately yield rather more than one million dollars and there should be sufficient funds to finance the first part of the Engineer-in-Chief's programme and to keep the organisation going.

You will understand that the position is a somewhat delicate one and will require tact and caution in its handling. These grants from the revenue can by no means be considered certain and it will be well not to place too much reliance on them. They are in the nature of grants in aid at a time when the Central Government has lost control at Canton and is not able to take any action to secure that the Conservancy Board established originally by Central Government Authority is properly maintained in funds by the Provincial Authorities. The grants do not relieve the Provincial Government of the responsibility of providing funds though at the moment the Director General appointed by Peking is probably

unable to obtain any from the Military Government. I hope to be able to get another million dollars at the end of this year, or even more, but this depends of course on how exchange goes and revenue comes in. Meanwhile the Customs, as the representative of the Central Government and the custodian of the funds must necessarily take a more direct part in Conservancy matters at Canton than it does at other ports where Conservancy operations are the result of International Agreement and the funds are largely derived from special taxation on foreign and Chinese trade.

It is, however, here where the difficulty comes in. The Independent Government cannot be entirely ignored and yet it must be kept at arms length. To ignore it might lead to a demand for the control of the funds and then in the Military Government's present desperate financial straits it would be a case of goodbye to the Conservancy organisation and any useful work: it would certainly lead to the withholding of any more provincial funds; and lastly in the event of opposition in carrying out Conservancy works from the ignorance of the populace or vested interests, the Conservancy Board would receive no support and work would be brought to a standstill. This is the problem you have to consider and on the manner in which it is solved will depend whether the money now forthcoming will be wasted or usefully spent. A great deal depends on the Director Admiral T'an. His interests are of course bound up with the Central Government organ functioning in Canton, namely the Customs, and it should be his endeavour so to guide Conservancy matters that on the one hand he is not superseded by the Military Government now that funds are in sight, and on the other hand that the fullest amount of provincial support and assistance is obtained for Conservancy work.

You should lose no time in getting in touch with him and you should endeavour to get him to leave matters as much as possible in your hands. To strengthen them as much as possible, I authorise you to take the stand that every disbursement of funds committed to your charge will first require my sanction.

You may show this letter to the Engineer-in-Chief with whom you should keep in the closest touch, but you will request him to consider it strictly confidential.

Yours sincerely,

F. A. AGLEN.

A. WILSON, Esquire,
Commissioner of Customs,
CANTON.

CONSERVANCY MATTERS AT TREATY PORTS,*

BY

W. F. TYLER, sometime Coast Inspector.

**GENERAL HISTORY OF CONSERVANCY MATTERS AT
TREATY PORTS.**

Judging by the very meagre available information concerning early practices at Shanghai it can be assumed that such matters as the determination of bundlines—where such were controlled—were in those days settled by conferences between the Consuls, the Chinese officials, and the Municipal Council. As late as the seventies a meeting of those authorities was held at the British Consulate at Shanghai to decide on the question of reclaiming the site now occupied by the ex-German Consulate. At this meeting the Harbour Master was present but took no material part in the discussion. The early history of Shanghai in this as in other matters is shrouded in obscurity. The Harbour Office records of early days are meagre. The British Consular records were destroyed by fire in 1870. The Municipal Reports doubtless contain information, but so far as the writer knows there is no file of them which approaches completion outside of the Municipal Secretary's Office.

In 1875 Captain A. M. Bisbee was appointed Harbour Master at Shanghai. He was a man of exceptionally strong character and determination, and it is probable that by his own initiative he gradually got authority regarding conservancy matters into his own hands. Anyhow, when in 1895 the writer was appointed Deputy Harbour Master, Captain Bisbee was the recognised authority in all matters connected with the harbour and river. Captain Bisbee died in 1901 and the writer succeeded him as Coast Inspector and Harbour Master.

The first authoritative statement concerning the duty of the Customs generally in connexion with conservancy is that made in Circular No. 1311 (1905), when Sir Robert Hart endorsed certain views on the subject expressed by the writer. Although that Circular did not specifically create a central conservancy authority in respect to Customs activities, it resulted in the Coast Inspector—with his general advisory functions—being looked upon as such to some degree by the majority of Commissioners at ports where no special conservancy organisations existed. Circular No. 1887 (1912),

* Extracts from Customs publication under this title in V.—Office Series: No 116.

which reorganised the Marine Department, further tended to strengthen the Coast Inspector's position in regard to conservancy affairs, though those were not actually named. Circular No. 2431 (1915) specifically mentioned the Coast Inspector and Engineer-in-Chief in connexion with such matters. Circular No. 2558 (1916), the last one on the subject, refers to a desire on the writer's part to draw up a memorandum expressing views in connexion with conservancy in amplification of the views recorded in Circular No. 1311; and the instructions referred to in the Preface were then recorded.

The origin of the functioning of the Customs in regard to conservancy matters was thus primarily the obvious need in the general interests of some degree of control by it, pending the provision of special conservancy organisations. The meeting of this need was in the first case initiated by the Shanghai Harbour Office and was later taken up and expanded by the Coast Inspector with the approval of the Inspector General, who also encouraged further efforts in that direction.

In the meantime the needs of shipping at Shanghai in connexion with the Woosung Bar, which from time to time had been urgently represented since 1874, resulted in 1906 in the establishing of a Conservancy Commission. Similar organisations came into existence at Tientsin in 1898, at Chefoo in 1913, at Newchwang in 1914, and at Foochow in 1919.

CUSTOMS FUNCTIONS IN CONNEXION WITH CONSERVANCY MATTERS.

The present position at ports where no special conservancy organisation exists can be described as follows.

The Customs in its capacity as harbour authority effectively claims the authority in the interest of navigation to prevent any detrimental encroachment on the waters of the port. In respect to reclamation, it does not give permission—that is for the territorial authorities. What it does is to issue a statement of non-objection, without which statement the work may not be commenced. The form of such a statement in authorised use is as follows:—

“It should be clearly understood that the approval of the proposed work notified above is simply a non-objection on the part of this Office from a conservancy standpoint and is not to be held as giving or establishing any land or frontage rights or as barring in any way the rights or claims which the Chinese Government or the territorial authorities may have in this connexion.”

In regard to wharves, jetties, pontoons, etc., the harbour authority issues, as a rule, permission* on its own responsibility. This, however, is not done so much as an act of independent authority as with the assumption of the approval of the territorial authority. When there is any reason for reference to that authority or where it is claimed, reference is made. The authority exercised can be considered, in general, as a delegated one. It covers, not merely questions concerning the locality and the dimensions of a work, but its design and material, for these matters are or may be factors affecting the interests of navigation.

In other matters affecting public interests in connexion with water rights—for example, as regards bund roads, the right of way for towing, obstruction by fishing appliances, the detrimental use of the foreshore, etc.—it is now an accepted principle that it is the duty of the Customs to watch events and use its influence with the authorities for the general good. It is in these and similar respects that it is desirable to lay down such broad principles in connexion with water rights as admit of adoption. When the time arrives for a port to be improved by engineering works and consequently for the institution of a special conservancy authority, the Customs takes a prominent part in the matter. This subject is dealt with under a separate heading.

As illustrative of the influence and the executive authority which can be exercised by the Customs in the public interests, the following example can be quoted. On the Soochow Creek within Settlement limits houses were formerly built on the very edge of the bund. Apart from a general objection to this condition, it was highly desirable to schedule a bund road along the creek. The writer, as Harbour Master, took the stand that, when the rebuilding of such houses was needed, they must be set back 20 feet in order to guard against a collapse of the bund acting detrimentally on the navigation of the creek. The opposition to the principle was comparatively small, and the result of its enforcement was the ultimate construction of sections of municipal road along the creek side. A valuable principle was thus established.

In 1899 occurred the famous Browett foreshore case. Mr. Browett was the nominal owner of a piece of riparian property on the Soochow Creek, the frontage of which had for many years been used by the Municipal Council for shipping garbage. Mr. Browett applied for a permit to fence in the property. Such

* For the most recent ruling on this point, *vide* I.G. Cir. No. 2064.—F. A. A., I.G.

a fence would have interfered with the Council's garbage business and on these grounds they refused the permit. Mr. Browett then took the matter into the Court of Consuls, which gave judgment obliging the Council to issue the permit. The river-side boundary of the property was, however, below high-water line, *i.e.*, on foreshore, over which neither the Council nor the Court of Consuls had jurisdiction. When, acting on the Council's permit, a fence was begun on the foreshore, the Harbour Master notified Mr. Browett to stop it and remove what had been erected. Mr. Browett refused and referred to the judgment and the permit. The Harbour Master stated the valuelessness of these regarding the foreshore, and indicated that unless the fence were removed by a certain date, the river police would be instructed to act in the matter. On Mr. Browett continuing to refuse, the fence was removed by the river police. No official protest against this action, which partly nullified a judgment by the Court of Consuls, was made.

CHINA'S PRACTICE IN REGARD TO WATER RIGHTS.

Possibly, if not probably, there may be found in ancient law books statutes governing questions in connexion with water rights; but at the present time there is practically an entire absence of any laws on the subject which are available for application. Customary practices in certain respects are more or less uniform, with, however, certain radical departures. Such practices may be traditions of past law or they may merely be the result of communal arrangements on obviously equitable bases. Where radical departure from such practice exists it can probably be accepted that previously existing customary rights have been encroached upon by the greed of officials.

Thus certain rights of a frontage owner to land accreted to his property are admitted to exist in the neighbourhood of 17 out of 22 ports. In two cases the right was denied by the officials; in three cases there was doubt. If we differentiate between actually accreted land and reclaimable foreshore, we find a practically common practice that the frontage owner secures the accretion by merely paying the land tax for it, with, probably, a special fee for its registration, the idea presumably being that what a family may gain in one period of years may be lost in another. In the case of reclaimable foreshore, there are the examples of Shanghai and Canton, where the right of the frontage owner is a pre-emptive one. At Shanghai the old practice was a fixed price per *mou* for accreted or reclaimable land. The new practice under the conservancy arrangement is a price determined by assessment of marketable

value. At Canton—so far as the harbour is concerned—reclaimable land is auctioned, the frontage owner having a pre-emption in respect to the highest bidder.

At Shanghai the process of acquiring title-deeds for accreted or reclaimable lands is named *shengkoing*. That term and the particular practice to which it applies appear to be of a purely local origin. It can, however, be said to have influenced practice at other treaty ports, at all events as regards foreign applications. It seems probable that the origin of *shengko* practice was not a dealing with the foreshores of rivers or the beds of creeks, but with the special taxation of all lands for which *fangtan* did not exist but were applied for, and that it had its origin in the chaotic condition of land tenure following on the ravages of the Taiping Rebellion.*

Another practice which is more or less common is the right of way above high-water line for towing purposes. This right is admitted to exist in the neighbourhood of 16 out of 22 ports; in two cases the right is denied by the officials and in four cases the point was considered doubtful. Of 12 ports which referred to the matter, eight said that the right of way was inalienable and four that it was alienable. The fact can be accepted that this right of way depends on the power—which is considerable—of the boat people to maintain it. Nevertheless, there are many cases where the right has been impaired.

As regards the specification of the river-side boundary of frontage properties, at nine out of 17 ports the low-water line and at three ports the high-water line was the usual boundary, while at four ports, namely, Chungking, Yochow, Ichang, and Wuchow, titles to the middle of the river are in existence. At Chungking and Wuchow this latter practice has now been discontinued.

In one sense the position in China in regard to water rights can be considered as favourable. Apart from the past practice of

* The following information, supplied by Mr. J. F. Brennan, of the British Consular Service, is of interest in this connexion.

Certificates of title to land, commonly called *fangtan*, were issued for the whole area of the Shanghai district by the District Magistrate in the 5th year of Hsien Feng (1855). These documents contain an endorsement stating that they take the place of previous certificates issued in the 48th year of Ch'ien Lung, but which are no longer valid. No further issue of *fangtan* has been made for the Shanghai district since 1855, and those then issued still constitute the ordinary title to land therein.

If a *fangtan* were lost, the owner, on fulfilling the required formalities, could formerly obtain from the Magistrate a *yingyu* (印 諭) to take its place. *Yingyu*, however, are no longer issued, and property without *fangtan* must now be "shengkoed" and the *shengko* paper then becomes the title.

In the Paoshan district a different system prevails. On each transfer of land the old *fangtan* is cancelled and a new one issued in the name of the new owner.

granting title-deeds to the middle of the river at a few ports, there have been no grants antagonistic to the *jus publicum* which have been given with such formality—as in Great Britain—as to create a difficulty in their alienation. The practice at the ports concerned of giving title-deeds to the middle of the river is now officially disapproved, and any existing decisions by comparatively irresponsible minor officials can be and have been set aside where they conflict with public rights. In this sense China can start with a clean slate, as it were, in framing laws as to water rights.

GENERAL CONSIDERATIONS REGARDING THE FORMING OF SOUND PRACTICE IN RESPECT TO WATER RIGHTS.

In the foregoing has been briefly described the genesis of Customs functions in regard to port conservancy matters—what those functions, so far, have been and the little that is known of Chinese practice in regard to water rights. There now comes for consideration the matter of guiding principles, by the use of which the Customs in the exercise of its influence may assist to a greater degree than hitherto the conserving of public and private rights connected with harbours and waterways. It is suggested that, if sound principles of this kind were laid down and consistently applied or urged in all cases that came within the influence of the Customs, great benefit would result in the immediate future and particularly in that which is more remote. Further, such principles, according to their proved worth, would tend eventually to be incorporated in Chinese statute law.

* * * * *

CONSTITUTION OF TREATY PORT CONSERVANCY ORGANISATIONS.

The history of the Shanghai conservancy organisation stands alone, and in its genesis is not comparable with others. The Tientsin organisation in its present form was the result of conditions subsequent to the Boxer outbreak and was imposed on China. The Chefoo and Newchwang organisations were framed at those ports in consultation between the Consuls, the Chinese authorities, the Commissioners of Customs, and the chambers of commerce, with no outside technical reference. The Foochow organisation, on the contrary, was the result of a consensus of the best opinion obtainable, and it can be taken for granted that future port organisations will, under the influence of the Inspectorate of Customs and pending other arrangements, be similarly dealt with.

The idea of a central conservancy authority having the function of scrutinising the character of new local conservancy organisations for treaty ports and of their projects had the attention of the writer in 1901, at the time that the impracticable Peace Protocol conservancy scheme for the Whangpoo of that date had to be dealt with. He has, however, since come to the conclusion that the idea is for the present impracticable and that the best results for the immediate future will lie in the Inspectorate of Customs, as the supreme head of the several harbour authorities, making such provision as will secure that each case as it arises receives adequate consideration by those best able to advise on the subject. This, of course, refers to treaty ports only.

In regard to the form of organisation, that of Shanghai is by far the most suited to the joint needs of extraterritoriality and a due preservation of Chinese sovereignty. Under that scheme there is a small quasi-Chinese executive board, namely, Commissioner of Foreign Affairs, Commissioner of Customs, and Harbour Master, and a consultative board representative of commercial interests. The quasi-Chinese executive board avoids the serious anomaly of handing over charge of a navigable waterway to an international body, while the consultative board has a very effective power of safeguarding the interests of those it represents. As a matter of fact, the number of ports likely in future to require new conservancy organisations is quite small.

There are, however, two large problems concerning conservancy organisation looming in the near future. The time is ripening for dealing with the improvement of the navigability of the Yangtze to Hankow. Here we have an administrative problem very different from and much more difficult than that of a conservancy organisation for a port. So difficult is this problem that the writer considers that the first step towards its solution should be the formation of a preliminary commission to study and report on it. The other problem is how, consistently with efficiency on the one hand and a due preservation of Chinese sovereignty on the other hand, and pending the abrogation of extraterritoriality, the future development of port matters generally can be provided for.

At present all that is provided for at, say, Shanghai is—

- (a.) The ordinary function of the control of shipping in the harbour, policing, aids to navigation, and pilotage.
- (b.) Preservation of the regimen of the river, engineering works for its improvement, and some action towards the preservation of public rights.

A large and growing port needs, however, something more. It needs a wide and far-seeing policy, backed by public opinion, for the improvement of its conditions in respect to trade. For example, there is the matter of facilities for the rapid handling of cargo for the purpose of securing despatch; and there might be the question of providing free pilotage. In British practice such matters are dealt with by Harbour Trusts, representative of local interests, armed with high authority, and endowed with funds. In some countries the matter is dealt with directly by a paternal Government. Conditions in China inhibit the former means. The Government would, rightly, never agree to handing over a national waterway to a corporation which would necessarily be essentially foreign. Some other means to the desired end will, therefore, in the future, have to be found. The writer's idea is that there should be a consultative harbour board representing commercial interests and having functions both in regard to conservancy and other port matters, and that "conservancy" funds should be rendered available for any purpose connected with the welfare of the port. A quasi-Chinese executive board for harbour as well as conservancy purposes would logically follow.

In regard to such a use of conservancy funds, Tientsin has already led the way by the ownership of ice-breakers, and it appears likely that Chefoo will have to follow suit in respect to providing a harbour tug.

* * * * *

PEKING, *December* 1919.

**Statement made by Dr. Wellington Koo on 23rd November 1921
at the Washington Conference.***

In view of the foregoing reasons Dr. Koo asked the Powers to agree to the restoration to China of her tariff autonomy. In making this request, the Chinese Government entertained no desire to interfere with the present administration of the Maritime Customs, which was generally considered to be efficient and satisfactory, nor to interfere with the devotion of the funds of the Maritime Customs to the liquidation of foreign loans secured thereon.

**Statement made by Dr. Wellington Koo on 5th January 1922
at the Washington Conference.†**

On November 23 last, I had the honor, in behalf of the Chinese Delegation, to lay the tariff question of China before the Committee. Three propositions were submitted. The principal one of them was for the restoration to China of her tariff autonomy; the other two being intended merely as provisional measures to prepare the ground for the early consummation of the main object. At the same time I stated that it was not the intention of the Chinese Government to effect any change that might disturb the present administration of the Chinese Maritime Customs, though this statement obviously could not be reasonably construed to preclude China's legitimate aspirations gradually to make this important branch of the Chinese Government more national in character.

Maintenance of Existing Customs Administration.‡

At this session there was also a discussion of the declaration upon the part of the Chinese Delegation that China had no intention to effect any change which might disturb the present administration of the Chinese Maritime Customs. The question was whether this declaration should be signed by the Chinese representatives and be made an annex to the treaty.

* Extract from "China at the Conference" by W. W. Willoughby, Baltimore, 1922, p. 58.

† *Ibid.*, p. 75.

‡ *Ibid.*, pp. 94, 95.

Dr. Koo pointed out that the declaration was a voluntary one on the part of the Chinese Government; that there was no international treaty or convention in which it had been stipulated; that it occurred only in two loan contracts to which the Chinese Government was a party; and that therefore there was no reason why China should now be called upon to put the declaration into treaty form, that is, have it included in the body of, or as an annex to, a treaty which the Powers at the Conference, including China, were to sign. This view was strongly supported by Senator Underwood. He even intimated that if the declaration were made a part of the treaty, he might find it difficult to defend the treaty before the American people since there were many good people in the United States who were strongly opposed to having China coerced into an obligation that was not entirely satisfactory to her, especially as to a matter relating to the administration of her local affairs.

It was agreed that the declaration should simply be placed upon the records of the Conference at the plenary session.

Status of Customs Establishments in Northern Manchuria.

I.G. Despatch No. $\frac{2792}{\text{Harbin}}$ of the 2nd February 1922. No. $\frac{\text{Comms}}{87778}$

SIR,

1.—In reply to your despatch No. 2549:

reporting on the duty treatment of and the documents issued to all goods from and to the Harbin District, and forwarding suggestions for introducing a uniform system;

I have to say that the abolition in Northern Manchuria of the 1/3rd duty reduction privilege has done away with the chief reasons we had for wishing to function at the Railway Station of Kwan-chengtze.

The chief reasons why it was desirable that we should get control at that Station were:

1.—To collect the 1/3rd duty on foreign imports passing southwards that had been remitted on them when entering Manchuria;

2.—Similarly to collect the 1/3rd duty on foreign goods passing northwards that had been imported at Antung;

3.—To collect duty on native goods passing north or south.

2.—The abolition of the 1/3rd duty privilege in North Manchuria has cancelled the first reason. With regard to the second reason you state in your S/O of 10th January 1922, to the Non-Departmental Secretary:

“In any case the importations into this district of foreign goods coming from places beyond Shin Wiji *via* Antung are practically *nil* and the native goods from North Manchuria for exportation *via* Antung to places beyond Shin Wiji are *nil*.”

This argument for opening Kwanchengtze is therefore negligible.

3.—With regard to the actual position at Kwanchengtze you state in the S/O above mentioned that “we are not working as yet in the Kwanchengtze Railway Station: we have no offices there and no staff whatever.” Since the Chinese Government is not anxious to create difficulties for itself by levying duty on native goods passing through Kwanchengtze, and since it is also undesirable to lay it down as a principle that native goods can pass to and fro through the length and breadth of Manchuria without payment of duty, it seems to me best that the present position at Kwanchengtze should be maintained.

4.—We have nothing to gain by facilitating through transport from Siberia to Korea and *vice versa*. We shall not collect one cent of duty on it and we shall be put to considerable expense in controlling it. The merchants on the other hand have everything to gain by the introduction of facilities for through traffic.

I am inclined, therefore, to keep this question of establishing ourselves at Kwanchengtze in abeyance if possible, and to confine action to collecting only what we have the letter of treaties behind us to support, and to *use* Kwanchengtze as a lever to obtain control on the entire railway system of North and South Manchuria.

5.—As regards Harbin, I do not want any change of policy. The advantages of concentrating River and Rail work in one spot not to speak of the system of bonding cargo in Railway Godowns is so great that the policy already inaugurated should be proceeded with. Moreover, Harbin is a mart or perhaps might be regarded as a treaty port, and we ought not to be excluded from access to railway there—seeing what an important railway centre it is—and will eventually become.

6.—It is therefore only necessary for the present to issue instructions concerning the duty treatment of cargo passing southwards through Manchouli and Suifenho.

Beginning from the 1st April 1922, these instructions are as follows:

- (a.) You are to continue, until further orders, to consider all cargo loaded at Manchouli and Suifenho to be foreign goods, unless it is clearly shown that the goods are native.
- (b.) On all goods that are admitted to be native cargo you are to collect no duty and are to issue no documents for them that could be produced at another Treaty Port.
- (c.) The possession of a *Sanlientan* is not to be considered necessarily as proof that the goods covered by it are native goods.
- (d.) Foreign goods sent under through bill of lading to Dairen are to continue to be treated in accordance with the instructions of my despatch No. 352/28493 to Harbin; except that since you have ceased to issue duty paid certificates a fang-hsing tan can be issued instead.
- (e.) Neither a Special Manchurian Exemption Certificate or an ordinary Exemption Certificate is to be issued to goods sent to a Treaty Port.
- (f.) A Transit Pass is only to be issued to goods destined for the interior of Manchuria or the interior of China proper after a half duty has been paid in addition to the full 3/3rds import duty.
- (g.) Since we have a Native Custom House established immediately outside Tientsin a Transit Pass, if applied for, may be issued to goods destined for Tientsin, in order to exempt them from Native Customs duty on entering Tientsin.
- (h.) Neither duplicate applications nor fang-hsing tan issued by your office can be allowed to exempt goods from payment of duty at other treaty ports. If this were allowed these documents would take the place of Exemption Certificates. Until we have obtained control at all the vital points of the railways in Manchuria this cannot be allowed. Were we to obtain control in the station at Kwanchengtze this

would not in itself be sufficient to justify us in issuing Exemption Certificates. This ruling will possibly be disputed and the discussion that will then arise may bring us a stage nearer such an understanding with the Railway Companies that it will be possible to issue Exemption Certificates and Cargo Certificates.

- (i.) On foreign goods sent from the Harbin district to Tientsin, uncovered by Transit Pass, the Tientsin Native Customs is to collect duty. The instructions of my despatch No. 2674/85900 to Harbin are hereby modified.

7.—Until the month of April the above instructions will apply except that

- (j.) Foreign goods declared for places south of Kwan-chengtze will all have to pay 1/3rd duty in addition to the 2/3rds duty due on entry into Manchuria. Goods destined for the interior of Manchuria, for which a Transit Pass is issued, will not in addition have to pay the half duty due on goods sent into the interior of China proper.

I am, etc.,

(signed) F. A. AGLEN,

Inspector General.

The Commissioner of Customs,

HARBIN.

Documents relative to the charging of Chinese Government
Internal Loans on the Customs Revenue.

Memorial submitted to the President by Mr. Chow Tze-ch'i, Minister of Finance, recommending the consolidation of certain National Loans.

呈 大總統文

呈爲整理內國公債確定本息基金擬具辦法恭呈仰祈

鈞鑒事查民國成立以來政變紛乘國家預算迄未實行每年入不敷出輒仰給於內國公債自元年以迄九年其發行總額已達三萬一千五百餘萬之鉅值此民生日蹙公私交迫之秋國民尙肯竭其汗血之資以赴國家之急其愛國熱誠可以想見果能因勢利導確樹信用則內債一項實足爲國家救濟緩急之資惟查各項公債七年短期有延期賠款確實指抵三四年公債會由本部指定常關收入暨德俄停付賠款交與總稅務司專款存儲以爲償本付息之基金信用甚著票價日高此外各種內債抽籤還本不免時有愆期以致信用日墜價格日落推厥原因皆由基金不能確定之故就本年應付各種內國公債本息數目而言除七年短期與三四年公債本息外餘如遵照公債條例按期償本付息卽需三千九百七十萬元之多按之目前財政狀況必無力以辦此但若任意延擱不爲速籌辦法一旦措手不及必至停付本利直接喪失國家之信用間接牽動社會之金融蓋近年以來國內銀行事業日形發達而買賣有價證券爲銀行重要之營業假令各項內債本息一朝停滯全國金融必受恐慌自齊審時度勢此種情形近在眉睫若竟出此何異政府對於國民宣告破產而財政命脈國家生機從此斲盡此各項內債之不能不速籌整理辦法以維持國

家之信用社會之金融者也但各項公債發行方法均有不同有十足發行者有低價發售者有撥抵積欠經費者元債八債市上價格僅及原訂票面十分之二若概照票面十足償付本息不特國家損失過重而整理基金亦苦難於籌足例如元年八年兩項公債或則低價出售或則抵發欠餉核與三四五等年公債暨七年短期與金融公債等按法定價格發行者實不可同日而語爲今之計若由政府另發六釐七釐新債卽行開始抽籤還本折衷最高市價釐定折扣准其自由以舊易新在一班執票之人雖按之票面不無犧牲利益而新債發行抽籤提早票價自高流轉較易其中得失自不待言當亦人人所樂從但其他公債爲數尙鉅自非酌量基金情形及債額多寡通盤籌算一律整理並將還本年限量予規定仍不足以資調劑而固信用况元八兩債既經整理則票戶利益不無犧牲若不指定確實基金與以永遠之保障則空言奚補更無以對國民自齊一再思維中央固有之收入不外關鹽餘款及煙酒稅費茲定在鹽餘項下年撥銀元一千四百萬元煙酒稅費項下年撥銀元一千萬元在煙酒稅公賣費尙未整理收效及歷年指定煙酒稅費押解各款尙未清償以前咨商交通部先於交通事業餘利項下每月借撥數十萬元以足每年一千萬元之數此項基金并照三四年七年短期公債辦法由各該機關直接撥交總稅務司安格聯會同銀行專款存儲以資應付嗣後常關收入及海關盈餘除扣抵七年短期公債三四年公債款項以外再有盈餘及三四年公債還清以後所有各項財源如停付德俄賠款之類均歸入此次整理公債基金之內但以後公債基金如足每年二千四百萬元之數則前指鹽餘及煙酒稅費暨交通部借撥之款卽應依次減撥俾

紓財力而期兼顧抑自齊於此更不能不有所陳明者此次整理公債非爲國家增加支出實爲國家減少支出亦非竭國家僅有之收入而用之不急之途誠以不加整理其每年應需償本付息之來源不外乎取之上列各項收入與其臨渴掘井使公債不能堅其信用何如未雨綢繆爲國家財政留一綫生機此應陳明者一此次整理公債其元年八年兩項之範圍係根據上年付息總表及實在售出額數而定此外債票抵押各銀行機關未經付息者爲數尙鉅商民血本攸關亦應續籌切實清理方法總使債權有著不失絲毫信用爲依歸此應陳明者二總之公債一途爲現今東西各國立國之命脈致富之根基我國萌芽方始風氣初開果能整理得宜則人民重視債票樂於投資利源既闢何事不舉否則凡百設施皆須仰給於外資損失權利何可勝計此尤自齊所旦夕憂慮不能不冒羣疑犯衆難毅然以整理自任者也至各項詳細辦法業經擬具議案提交國務會議議決照辦如蒙允准卽請明發命令責成本部會同內國公債局遵照辦理自此次辦法確定以後所有鹽關各款及煙酒稅費各項中央直接收入均應悉數報解凡從前於前項收入內曾經指撥之款由本部另行籌付應請一併令下各省不得再請截留挪用以資鞏固除將整理辦法及各項還本付息總表另摺繕呈外所有整理內國公債確定本息基金緣由理合呈請

大總統鈞鑒訓示施行謹呈

大總統

Presidential Mandate of the 3rd March 1921, approving Memorial submitted by Mr. Chow Tze-ch'i, Minister of Finance, on the suggested consolidation of certain National Loans.

中華民國十年三月三日

大總統令

近年財政艱難全恃內債一項以爲周轉之資溯自民國元年迄今發行內債已歷八次財政金融兩有裨益惟因大局未寧國計益絀以致內債信用不免同受影響所關甚鉅自應亟圖整理之法以資補救茲據財政部呈擬整理內國公債辦法業經國務會議決定應卽責成該部會同內國公債局督率總稅務司安格聯及中國交通兩銀行按照三四年公債暨七年短期公債辦法認真辦理期裨金融而利推行此令

Memorial submitted to the President by the Ministry of Finance, embodying detailed regulations for the consolidated service of certain National Loans.

呈 大總統文

呈爲籌擬整理內國公債詳細辦法茲謹另繕清摺恭呈仰祈

鈞鑒事竊查整理內國公債確定本息基金業於本月三日恭奉

大總統命令責成本部會同內國公債局督率總稅務司安格聯及中國交通兩銀行按照三四年公債及七年短期公債辦法認真辦理等因具仰

鈞座尊重國信之至意薄海人民同深感忭查公債整理之有無成效全視此次指撥基金辦法之是否確實爲依歸本部迭經會同各該機關認真籌畫以期全國債務及早逐漸整理所有此次整理公債大綱不外前呈所擬各辦法茲再將詳細手續分條縷舉另繕清摺恭候

訓示施行指撥基金一層尤關重要業經議定以三四年公債及七年短期公債指抵本息外之常關稅及關稅餘款暨除業經指抵外之鹽稅餘款烟酒收入之一部分撥充基金暫時恐有不敷卽由交通部在交通事業餘利項下每月借撥五十萬元以足每年二千四百萬元之數作爲定案但自齊於此不能不更有所陳明者內國公債爲國家命脈社會金融之所寄託關係至巨自應督飭中國交通兩銀行與主管撥款各機關商定逐期撥款辦法切實照行無論如何爲難此次所定辦法不得有所變更免贻國家之信用而貽外人以口實所有籌擬整理內國公債詳細辦法各緣由除將公債還本付息表另摺附送外理合呈請

大總統鈞鑒訓示施行謹呈

大總統

謹將酌擬整理內國公債辦法開呈
鈞鑒

計開

(一) 八釐軍需公債 原發行額共爲七百三十七萬一千一百五十元除已抽還四百萬元外尙餘三百三十七萬一千一百五十元原定每次抽還五分之一尙餘二次每次應抽一百六十八萬五千五百七十五元此項公債利息較優且已抽還本銀三次尙餘兩次擬改自本年起分四年四次抽完

(二) 愛國公債 原發行額爲一百六十四萬六千七百九十元除已抽還一百三十二萬元外尙餘末次應還本銀三十二萬六千七百九十元此項公債原以京鈔計算現京鈔截止擬改以七成現洋計算卽於本年內如數還清

(三) 元年公債 此項公債截至民國十年二月止發行額爲一萬三千五百九十八萬五百七十元其發行價格參差不一南京賠償損失一百八十餘萬元當時雖係照額面發給而目下市價已低至三折以下收回烟土發行之一千二百七十餘萬元市價亦在四折以下其餘發行者出售價格均在四折以內且已領過利息二三期目下市價均已低至二折以內茲擬另發六釐新債票每舊元年債票百元得換新債票四十元餘可類推其不願者聽並自本年即行抽籤還本分十年還清

(四) 五年公債 原定債額二千萬元除已抽一次計一百二十四萬二千四百十元外尙餘債額一千八百七十五萬七千五百九十元原定自民國六年起分三年六期抽完現已誤期五年擬重定抽籤還本期限卽自民

國十五年後分三年六期抽籤因三四年公債於民國十四年清還即以三四年公債所指撥之抵款轉充五年公債還本付息之基金

(五) 七年長期公債 此項公債原定自民國十八年起抽籤還本其時五年公債已抽完可繼以三四年公債抵款為七年長期抽籤還本之基金擬仍按照原條例辦理不必更動

(六) 八年七釐公債 此項公債原發行額為三千四百萬元原定自第六年起每年抽十五分之一現在市價僅二三折茲擬另發七釐新債票每舊八年公債百元得換新債票四十元餘可類推其不願者聽並自本年起分十年償清

(七) 整理金融公債 此項公債擬仍照原條例辦理

(八) 指撥本息基金 此項本息基金現擬以各常關收入及海關稅餘款除償付三四年公債及七年短期公債本息外所有餘款儘數作抵不足之數擬在鹽餘項下提撥每年總數以一千四百萬元為度不得超過全部公債基金每年所需總數十二分之七以次遞推並在烟酒收入項下提撥每年總數以一千萬元為度不得超過每年公債基金所需總額十二分之五如烟酒收入不足此數擬由交通部先於交通事業餘利項下每月借撥五十萬元將來即以烟酒整理後收入餘款償還至此項指撥辦法應由交通部與銀行代表烟酒事務署三面商定之

(九) 上項基金保管方法 此項基金處理保管均極重要擬統仿照三四年七年短期公債辦法由各該機關商定撥款手續撥交總稅務司安格聯一面由內國公債局暨銀行方面推舉代表與該總稅務司會同辦理似此基金有着人民庶曉然於公債之整理有方至該總稅務司收到各項基金應如數存入中國之銀行以資應付銀行方面應照三四年辦法亦隨時協濟以助進行

Presidential Mandate of the 13th March 1921, sanctioning the establishment of a Consolidated National Loan Service according to the detailed scheme submitted by the Ministry of Finance.

大總統指令第七百四十五號

令署財政總長周自齊

呈籌擬整理內國公債詳細辦法繕摺呈鑒由

呈悉准如所擬辦理此令

中華民國十年三月十三日

Memorial submitted to the President by the Ministry of Finance, recommending that the Consolidated Debt Service should have right of priority on the increased Customs Revenue surplus resulting from the raising of the tariff to an effective 5 per cent basis; and Presidential Mandate of the 2nd March 1922 sanctioning this proposal.

呈
大總統文

爲呈明事竊查償還內外短債八釐債券條例已於二月十一日奉

大總統敕令公布施行本部自應遵照辦理惟查此項債券基金係指定關稅實行切實值百抽五之日起改由所增關餘項下撥充但關餘一項曾經指作整理內債基金嗣後放還關餘自應儘先提撥整理內債基金次及此項債券基金俾符原案理合呈請

大總統鈞鑒備案謹呈

大總統

十一年三月二日呈奉

大總統指令呈悉准如所擬辦理

Authorised Chinese text of *pien t'ung pan fa* of 1922, embodying the Inspector General's proposal for the ear-marking of surplus of the current Customs Revenue for the service of National Loans.

計開

甲 修正條文

第一條政府正式飭令總稅務司於關稅項下除扣存約計足供償付外債及庚子賠款數目外隨時由內國公債局及銀行方面代表與總稅務司酌商提撥可提之款專爲整理公債基金之用

第二條此項可提之款如有不敷總稅務司仍得向鹽稅項下請求協助如有盈餘仍由政府隨時提充政費

附註其原有政府此後不再以關餘抵撥政費一條議決刪去

乙 附加聲明

一、此項辦法以本年爲限

二、將來實行二分五附加稅時所有增收應作別論

三、所有向來在關稅收入項下提撥指定之各機關經費仍須照撥

四、現在政府正與外交團交涉中之撥款應暫先如數提開以俟解決五年內實行切實值百抽五後所有至本年底增收之關稅應否照原定條例歸入九六公債之基金抑即一併歸入現議之整理公債基金暫行不提但仍保留隨時可以提出討論

Memorial submitted to the President by the Ministry of Finance, after Cabinet approval, recommending the placing of the service of the Consolidated Debt and of the Ninety-six Million Loan as a fixed charge on the Customs Revenue surplus.

呈 大總統文

呈爲撥付整理內國公債暨九六債券基金籌擬變通辦法恭呈仰祈

鈞鑒事竊查整理內國公債基金因鹽餘烟酒稅及交通事業餘利項下應撥各款未能按期照撥經總稅務司安格聯提議請變通辦法由關餘項下准其隨時撥充整理公債基金當於十一年八月間國務會議議決照辦此項辦法以十一年十二月底爲止現在期限早已屆滿所有關餘以外指撥各款仍未照數撥解於是整理案內公債本息事實上祇能繼續前年辦法辦理專由關餘撥付而政府迄未明白宣布以致持票人疑慮紛紛金融因之搖動又民國十一年政府發行九六債券清理鹽餘作抵之內外債款曾經指定以切實值百抽五增加之關餘作抵不意發行以來政府仍爲財力所限未能照條例實行加以金價驟漲稅收復減雖係暫時情況而本年所存關餘連切實值百抽五者在內尚不敷整理公債本息之需除九六債券償還外債部分已由鹽餘按月撥扣本息外所有償還內債部分僅另行籌款付第一期半年利息其第二第三兩期利息均滿期未付同一種類之公債而內外懸殊若此亦非事理之平本部統籌各案詳慎鈎稽竊以爲兩案本息之不敷皆由關餘以外指抵各款未能照撥所致政府限於財力本非得已人民亦當諒解然僅此備抵本息之關餘自應明定辦法統籌兼顧庶抽籤時日縱有遷延而公債本息終使有着查整理九六兩案雖同一以值百抽五之

關餘作抵而發行時日究有先後保全整理破壞九六固非事理之平然必執兩案同時並辦之說則關餘只有此數勢必至付息有資還本無款國家負擔永無減輕之日且移先補後紊亂次序又豈人民所願整理方法自應各隨其立案之先後以爲衡則前者定後者自定矣本部現擬解決辦法約有三（一）所有整理與九六兩案同一以值百抽五之關稅餘款作抵應先撥整理公債基金有餘時即撥充九六公債內國部分基金統由總稅務司辦理（二）整理案內之公債及九六債券如有遲期抽籤之事均照總稅務司辦理整理公債成案按遲期時日補息（三）關餘撥付整理公債基金之餘款即接續撥充九六債券內國部分基金此項基金每足敷半年利息之數即先補付息一次至九六債券欠息付清以後基金足敷第一次抽籤時仍按九六案原定年限分年抽籤以上三項辦法整理公債之信用既固九六債券之信用亦隨之俱固還本縱或遲期得息不爽毫釐維持市價足使流通一俟九六之欠息付清仍照原定年限抽籤則關餘項下除付內國部分九六債券按年本息銀元八九百萬元外餘數即可爲政府之用九六案了結全數關餘均可騰出如此辦法於國家財政社會金融獲益實非淺鮮所有籌擬撥付整理內國公債暨九六債券基金變通辦法業經國務會議議決理合呈請

大總統鈞鑒訓示祇遵謹呈

大總統

Presidential Mandate of the 19th September 1923, sanctioning the execution of the plan submitted by the Ministry of Finance by which the service of the Consolidated Debt and of the Ninety-six Million Loan is secured as a fixed charge on the Customs Revenue surplus.

十二年九月十九日奉

大總統指令呈悉准如所擬辦理即由該部轉行總稅務司遵照此令

THE CHINESE POST OFFICE,

BY

H. KIRKHOPE, Postal Deputy Commissioner.

Historical Survey of the Quarter Century (1896-1921).

It is usual in tracing the history of postal services to go back to the Government posts of far antiquity. We are invariably reminded that Queen Jezebel has at least one urbane action to her credit in that, writing in Ahab's name, she despatched the first recorded circular letter. In the book of Esther, too, mention is made of Ahasuerus sending letters concerning his queen, Vashti, into all the king's provinces. The Assyrians and Persians are said to have had stations, a day's journey apart, at which horses were kept ready saddled, with waiting couriers, for the transmission of public orders and edicts. The Arabs and Egyptians maintained extensive Government posts, and the Romans employed couriers for the promulgation of military and public orders to their scattered provinces, private letters being sent by slaves, or by such opportunity as occasion afforded. But China antedated the earliest of these by a century or two, her Government posts having been instituted during the Chou dynasty (1122-255 B.C.). These posts were later called *I Chan* (驛站) and were served by foot and mounted couriers. They had their ramifications all over the empire like a network, which, in 1682, included even Manchuria and the Amur Province (Heilungkiang).

The ancient records regarding their operations are of the scantiest. The earliest mention of the word "Post"—*Yu* (郵)—is by Confucius (551-479 B.C.) in a passage where he says, "The influence of righteousness travels faster than royal orders by stages and couriers." Apart from this quotation there are numerous references to a postal service in very early times. In the *Tso Chuan* (左傳) it is stated that Shu Hsiang (叔向) sent a letter to Tzu Ch'an (子產), the premier of the Chêng state, who lived during the years 581-521 B.C. In the Historical Records it is stated that a "feather attached to a letter mobilising the army indicated 'urgency.'" In the *Lü Wen Ti Chih T'u Hsü* (呂溫地志圖序—Preface to the Geographical Atlas by Lü Wen) we find the following: "*Han I chih so t'ung*"—漢驛之所通—"The postally-served places of the Han dynasty" (206 B.C.-A.D. 23). It would appear, therefore, that the word "*Yu*" (郵) for posts was changed to "*I*" (驛) during the Han régime.

The Emperor Wei Wen Ti (魏文帝) in A.D. 225 wrote to *I Chan*, General Wu Chih (吳質) as follows: "As the country under your jurisdiction is so far away from the capital, the interchange of letters is indeed difficult." In the biography of Liu K'un (劉琨) of the Tsing dynasty (A.D. 290-313), it is recorded that "the Governor of Yuchow [modern Chihli] wrote repeatedly to Liu K'un begging him to co-operate and assist the Imperial family in time of danger." In the biography of General T'ao K'an (陶侃, A.D. 259-334), it is recorded that "no matter whether letters come from far or near, they all receive my personal attention." According to the *Fa Shu Yao Lu* (法書要錄—Selected Notes or Rules on Calligraphy), the script used in correspondence was simplified in order to accelerate the preparation of documents to be sent through the posts. Up till the time of the Sui dynasty (A.D. 589), the post stations were under the control of the Board of War. The Postmaster General was then called "*Chia Pu Lang Chung*" (駕部郎中), and his position was somewhat similar to that of the *Yü Ssu Ma* (與司馬), or *Hsiao Jen Chu Ma Chih Kuan* (校人主馬之官)—the Keeper of the Stud—subordinate to the fourth of the six Imperial Chancellors, *Hsia Kuan Ta Ssu Ma* (夏官大司馬), as recorded in the *Chou Kuan* (周官—Official Records of the Chou Dynasty),—i.e., he was in charge of the postal stages, under the Board of War. In the *Pai Kuan Chih* (百官志), or Official Records, it is stated that, during the T'ang line of Emperors (A.D. 618-905), the *Chia Pu* (駕部) controlled the postal stages, of which there was one every 30 *li* (10 miles) throughout the empire; that there were *then* 1,297 land stages, 360 by water, and 86 connecting both land and water. In the 14th century there were, according to Marco Polo, the famous Venetian, 10,000 of these mail stations (*chan*), twenty-five miles apart, throughout the empire,—some of them affording sumptuous accommodation to travellers,—and there were also 200,000 horses engaged in the service. The mounted couriers who carried the Imperial commands, enclosed generally in a sealed casket, could be recognised from afar by a small yellow flag attached to the collar of their dress, and they changed horses without alighting. It is interesting, also, to note—*vide* the *T'ung K'ao* (通考—Biographical or General Reference)—that during the T'ang dynasty (A.D. 618-905), a sort of money order service was in operation (*tse t'ang yi lai shih chih wei fei ch'uan ch'ao yin chih shu*—自唐以來始置爲飛券鈔引之屬)—probably the forerunner of the present native bank-draft system. And *p'ai-tan*, or military courier way-bills, were for the first time used during the

first year of the Sung Emperor K'ang Ting (A.D. 1040). These were not made of paper, but were wooden labels, varnished to withstand the elements.

Not so many years ago, express couriers, with their coats sealed on them, still rode, day and night, 800 miles to Lhasa, their faces cracked by long exposure, their eyes bloodshot and sunken.

Regarding the internal economy of this Imperial Government Courier Service, the following *Note* from the Working Report for 1904 may appropriately be quoted here:—

“As actually working, the (*I Chan*) Service is placed under the supervision of the Board of War at Peking, where a special department, the *Ch'é Chia Ssü* (車 駕 司), with seven officials at its head, superintends all *I Chan* affairs, both metropolitan and provincial, and keeps and audits accounts. Two yamêns near the Tung Hua Mên, both under joint Manchu and Chinese Directors (*Chien-tu*), keep up at the capital their connexions with the provinces; one, known as the *Ma Kuan* (馬 館), oversees the couriers and horses; the other, the *Chieh-pao Ch'u* (捷 報 處), attends to the mails on arrival and departure. Thirty-four messengers are said to be perpetually on roster to maintain constant relations between these two yamêns and the head department in the Board of War. As detached from these central bureaux, 16 Directors, called *Ti-tang* (提 塘), all superior military graduates, are appointed by the Board of War to reside in the provincial capitals and keep up from there direct communication with Peking: the Director at each place depends on the Provincial Judge. These 16 head bureaux are distributed among the provinces as follows: Chihli, Kiangnan, Shantung, Shansi, Honan, Shenkan, Chekhiang, Fuhkien, Kiangsi, Hupeh, Hunan, Kwangtung, Kwangsi, Szechwan, Yunnan; one is special for the Yellow River and Grand Canal.

“All covers for despatch through the *I Chan* (驛 站) to the provinces have first to be inspected and stamped at the *Ch'é Chia Ssü*; they are then sent to the *Chieh-pao Ch'u* and through the *Ma Kuan*, whose horses and men are requisitioned, thence forwarded to the first stage from Peking, *i.e.*, Lianghsianghsien if for a westward direction, or Tungchow if eastwards; the *Chou* or *Hsien* there is responsible for the transmission to the next stage, and so on at each subsequent stage till the cover reaches its destination. Similarly, for provincial despatches to Peking, the *Ti-tang* attends to their despatch to the first stage

from his end, and they proceed from stage to stage till they reach the *Ch'ê Chia Ssü* at Peking, whence they are sent to the yamên concerned. Any despatch so sent must be enclosed in an official cover, *ma-fêng* (馬 封), indicating on a slip attached to it, *p'ai-tan* (排 單), the *I Chan* cities through which it has to pass; this slip is annotated at each place with the date of the passage. According to the urgency of the message, the couriers, *fu-i* (夫 役), travel from 200 to 600 *li* (70 to 200 miles) per day, and at each stage horses and men must, in principle, be kept in readiness.

"In addition to the transmission of despatches, the *I Chan* also provides means of transport for officials on transfer, but in this case, by regulation, the travellers must hold an authority, or *huo-p'ai* (火 牌), to requisition horses and men at the official stages on the way.

"The sums spent for the maintenance of this large service (estimated in 1902 to total 3,000,000 taels annually) are not centralised in Peking, but are deducted at each district town from the local taxes to be reported to the provincial Treasury, and thence yearly to the Throne. This loose system of payment is said to lead to many abuses."

In 1876 there was instituted the *Wên-pao Chü*, or Despatch Office, an off-shoot of the *I Chan*, providing for the transmission to Shanghai—as being the terminus of the foreign mail-steamer lines—of despatches to the Chinese envoys to foreign countries and the transmission from that port of the incoming despatches. In more recent years the duties of this office dwindled to the affixing of postage stamps to official covers for the legations abroad. The work of the *I Chan* was taken over by the Post Office in July 1912, and the last of the *Wên-pao* departments, in Kirin and Heilungkiang, closed in 1914.

The use of the posts for public—as distinct from Government and official—purposes, however, does not seem to antedate the Ming Emperor Yung Lo (A.D. 1402). They were, at any rate, not fully organised or systematised for other than Imperial purposes before his time.

It was then the custom for the high officials when travelling on official duty to have attached to their suite an Adviser called "*Lao-fu-tzu*" (老 夫 子) who, in addition to his duties as Adviser, also acted as Correspondence Secretary, and it is due to these *Lao-fu-tzu* that the *min-chü*—private postal companies—originated. *Min-chü.*

The *Lao-fu-tzu* were almost all natives of Shaohingfu in Chekiang, the seaport of which is Ningpo, where these postal companies first took their rise, and which eventually became the headquarters of all the private postal corporations in the empire. They were not under official control in any way, and were most reliable institutions. They carried drafts, sycee, letters, and parcels. Their customers had simply to indicate in writing on the outside of the package or envelope the sum of money, or the value of the articles, they contained; and if such letters or packages were lost by the carelessness of the transmitting *min-chü*, the sum was made good. These letter-firms or companies were usually connected with remittance banks or merchants' establishments which had business connexions with certain other places and had their own correspondence to forward; for a consideration they undertook to forward the letters of other people, and gradually extended their postal operations to places in the same direction as, but beyond the limits of, their own ordinary business. Under this system strong letter-"hongs" were developed, which gradually gained a powerful hold on the loyalty of the people. They utilised every means of conveyance—trading vessels, canal-boats, carriers, etc.,—and met in every possible way the convenience of the public, "maintaining fast special services where they were wanted, and content with slow conveyances where economy was the first object; keeping open until after midnight whenever it was demanded by business interests, and, most attractive in China, making the addressee pay a portion of the postage, usually half." The rates were always moderate for the services rendered, ranging from 2 to 20 cents (20 to 200 cash) according to the distance, but had frequently to be bargained for; commutation for an annual payment was not uncommon. When quick delivery was urgently required, the sender would inscribe on the cover a sum higher than usual, to be paid by the addressee on delivery. The "urgency" was also indicated by the burning of one corner of the cover, or by the enclosing of a feather, the tip of which was allowed to protrude,—a practice somewhat analogous to, but much more delicate in suggestion than, that occasionally adopted in England in the early 16th century, when the superscription "Ride—for thy life!", or the threat facetiously conveyed by the drawing of a skull and cross-bones or a corpse hanging on a gibbet, was intended to spur to urgent haste the humble post-boy.

This system served the people long and well; but, from the national viewpoint, it had the fatal defect that it developed the profitable routes only, neglecting those which could not pay expenses.

And so, down through the centuries, the *I Chan* and the *min-chü* continued to operate, ministering to the necessities of Government and people respectively, and giving admirable service. But the extension of steam-communication gradually rendered the functions of the former obsolete and encroached upon the latter's monopoly.

As already shown, the rates of postage ordinarily paid to the native postal agencies were very low; compared with them, European rates seemed well-nigh prohibitive. Late in the 17th century—about 150 years after the Portuguese established themselves in Macao, where they had no special postal arrangements,—a British settlement began to form at Canton, depending for communication with its home country upon the magnificent but slow-voyaging clippers of the East India Company, which took several months to make the voyage from England to China. Another 150 years passed before political troubles drove the Canton British community to Hongkong, which was soon after included in the itinerary of the P. & O. Company. Here the first real Post Office was opened as a branch of that of London, though it is now under the control of the Colonial Government. Subsequently, branches of this Office were opened at the principal ports, rendering to the foreign residents a service which they had no other means of obtaining. As other nations in turn instituted mail-steamer connexions with China, they too opened Post Offices. Free delivery of correspondence at ports of call was granted by the steamers; senders of letters actually deposited them on board the departing boats, doubtless entrusting them for security to one or another of the officers, and, on arrival, those who expected letters sent for them to the steamer agencies. A Local Post Office was soon opened at Shanghai like the community in general, it enjoyed free transport for its mails, but its most useful services were performed as collector and distributor in Shanghai itself. "In later years other ports followed this example, but their principal function was to tax non-resident philatelists for the maintenance of local roads," (H. B. Morse).

Foreign
Post Offices.

Such, however, was the disparity between the rates charged by the *min-chü* and *lun-ch'uan hsin-chü* (steamer letter-hongs) for domestic delivery and those charged by the alien Offices for transmission abroad that it can readily be understood that the relatives of such as had emigrated to Hongkong, the Straits, Batavia, and Australia resorted to all sorts of devices to get their correspondence transmitted at rates more in consonance with what they had been accustomed to pay. If a steward or fireman on board could be induced, for a small consideration, to carry the letters, well and good; but if not, the *min-chü* were prepared to go so far as to send

a special messenger and pay his fare, the cheap passenger rates enabling them even to realise a profit thereby. Such subterfuges were justified in the eyes of the native Post Offices and their clients, not only by the marked difference in the postage but by the fact that delivery by the foreign Post Offices was very slow or, even, when the addressees resided inland, altogether impossible, while the correspondence of the native agencies was handled with remarkable rapidity. Before the steamer had come to anchor, the letters would be thrown into boats, sorted by the agents as they were rowed ashore, and in the hands of those for whom they were intended well ahead of the regular mail.

First ideas
of a Nation-
al Post.

Thus there were three sources of opposition to the creation of a National Post—an idea which seems to have worked in the mind of the Inspector General of the Imperial Maritime Customs, Sir Robert Hart, from as early as the year 1861. These were, first, the high officials who were averse from any suppression of the immemorial *I Chan*; second, the commercial interests which were opposed to the compulsory closing of their old-established letter-hongs,—in which opposition they had the firm support of a conservative letter-writing people; and, third, the foreign Post Offices which had a legitimate interest in providing for the ocean transport of overseas mails (for which they paid the cost) and demanded ample guarantees for the security of local distribution before handing over their mail matter to an untried, and perhaps untrustworthy, administration. And so, to meet the objections of the first two groups, it was necessary that the national administration to be inaugurated should be developed along Chinese lines and, until it had secured the trust of the people, adopt Chinese methods only; to win foreign confidence it was imperative to inspire faith in the strictness of the regulations and the probity of the *personnel* of the new Service. This double obligation compelled the Government to adopt for the Posts a system analogous to that adopted for the Customs.

The carriage of Legation mails, which was fully provided for by the Treaty of Tientsin (1858), involved the use of couriers, between Tientsin and Peking only, during nine months of the year. But from the beginning of December till the end of February the port is ice-bound, and the Peking mails had to go from Chinkiang, a twelve days' journey for a mounted courier through very unsafe country. The Tsungli Yamên, which, under the Treaty, was responsible for the protection of these mails, found it convenient to transfer the task of making up, distributing, and, latterly, of

conveying the mails, to the Head Office of the Imperial Maritime Customs. This necessitated the creation of Postal Departments in the Custom Houses at Shanghai and Chinkiang—and, later, at the ice-bound ports, Newchwang, Tientsin, and Chefoo—as well as at the Inspectorate General; also for the transmission of mails by the coast steamers during the ice-free season, the opening of quasi-Postal Departments in other coast-port Custom Houses. With this elementary machinery established and working, the larger project soon took definite shape, and such had been the success attending the Inspector General's operations on the smaller scale, that the nation-wide project gradually commended itself to the favour of the Tsungli Yamên. Accordingly, in 1876, when the Chefoo Convention was being negotiated, that Board authorised Sir Robert Hart to notify the British Minister, Sir Thomas Wade, that it was prepared to sanction the establishment of a National Postal System at once, if it might be regarded as coming within the scope of the Convention. But no postal clause appeared in the completed Treaty, and the execution of the great design was postponed indefinitely. However, the experiment was persevered with by the Customs Commissioner at Tientsin, Mr. G. Detring, under authority of the Inspector General and—what was of infinite importance—with the encouragement and support of the Viceroy, Li Hung Chang, so that, by 1882, all ports north of Fukien had a restricted service for foreign correspondence and there was inaugurated the experiment of a *Shu-hsin-kwan*, or “Letter Office,” for Chinese correspondence, functioning alongside the Customs Post.

The year 1878 saw the introduction of Customs postage stamps, but as the stamps of China are dealt with elsewhere in this Report, no further mention is made of them here.

It says much for the success of the youthful Service in what was, after all, its experimental stage, that, in 1878, only two years after her failure to realise her expressed intention of organising a National Service, China was formally invited to join the International Postal Union. Foreign Administrations had been observing her early endeavours, and had approved them. From this time on, arrangements were discussed, at intervals, between the Inspector General and the responsible heads of other Administrations for the taking over of the French and British Postal Agencies in China and for assuming the functions of the Shanghai Municipal Post Office. But “hampered as he was by the existence of the *I Chan* and the letter-hongs, and under the necessity of grafting Western methods on a Chinese organisation, the Inspector General's

maxim was to assure his ground before he stepped, and then to move slowly." Three of his rhythmical aphorisms, penned at this period, are worth quoting here:—

"I think if we keep steady, and only move when ready,
We're bound to win without the least disaster."

"Cost is only dear when money's paid for any scheme that fails."

"It is not waste of time to do things well."

(*Letter to Mr. Kopsch, Commissioner and
Statistical Secretary, Shanghai.*)

Always pressed on the attention of the authorities, the conception of a National Service increased in favour, and, in the year 1893, the Government seems to have consulted the opinions of the provincial officials; it was not till 20th March 1896, however,—20 years after the Chefoo Convention—that an Imperial Decree appeared creating an Imperial Post for all China, to be organised on Western lines, under the management of Sir Robert Hart, who then became Inspector General of Customs *and Posts*, subject to the general supervision, at first, of the Tsungli Yamên and, later—when the Tsungli Yamên was abolished,—under the *Wai-wu Pu* (Ministry of Foreign Affairs). On the establishment of the *Shui-wu Ch'u* (稅務處), as a separate department of that Ministry, the direction of Customs and Postal affairs passed to its control, and so remained until the separation of the Customs and Posts, in the third year of the Emperor Hsuan T'ung (1911), when the latter naturally passed under the *Yu-ch'uan Pu* (the Ministry of Posts and Communications).

Early
difficulties.

Sir Robert had before him no easy task. It has to be remembered that the Imperial command gave him neither the authority, the appropriation, nor the monopoly which such a task would have carried with it in Western countries. The *I Chan* was not superseded; the operations of the *min-chü* were not vetoed. The former continued to be entrusted with the Government despatches; the latter girded up their loins for a contest with the new and, to them, upstart institution. They had the initial advantages of an experienced staff and of special facilities for their "clubbed mails" at favourable rates. The Inspector General had no trained Postal staff, but had to use his Customs employes and his Customs funds and advance little by little, feeling his way and consolidating his progress. Yet he was determined ultimately to supplant the *min-chü* in popular favour by providing a better, cheaper, and speedier service. The foreign Postal Agencies were

not averse from handing over the task of collection and delivery in China, but showed themselves determined to hold on jealously to their subsidised mail-steamer services. There was no means of compelling coast and river steamers flying foreign flags to receive the mails of the Chinese Post Office to the exclusion of those of alien or *min-chü* Offices.

Hence *festina lente* was the Inspector General's motto; to win the confidence alike of officials and people in the new Service, his aim. On the established and approved basis of the Customs organisation, therefore, he founded the Posts, making each Customs district the unit of area for postal working. The Commissioner of Customs became *ex-officio* District Postmaster, and his Customs staff kept the secretarial and accounting records; only for the actual handling of mails was a separate Postal staff created. First at Shanghai, and later at headquarters in Peking, the direction of postal affairs was committed to a Postal Secretary under the Inspector General, who set the pace, the pace being that of the tortoise and not of the hare (*vide* Sir Robert Hart's letter to Mr. Kopsch, Statistical Secretary, and first Postal Secretary, 12th August 1896). It was impossible for such a Service to be self-supporting, yet it was only in 1904 that an annual subvention was granted, and of that sum (*Hk.Tls.* 720,000 a year, to be paid in monthly instalments of *Hk.Tls.* 10,000 at six of the treaty ports—Tientsin, Shanghai, Hankow, Foochow, Swatow, and Canton) barely one-half was ever actually issued. So, nurtured and literally housed and fed by the Customs, the daughter Service grew slowly to maturity,—an organisation which has adapted a Western *modus operandi* to meet Chinese requirements, and that through the instrumentality of men without previous postal experience. More valuable, however, than expert knowledge were the energy, loyalty, and effective intelligence which they applied to its development.

Method
adopted.

The Inspector General's treatment of the letter-hongs was most considerate and prudent. Recognising that for ages they had rendered incalculable service to the people at places whither the Imperial Post Office could not extend for many years, he sought not to antagonise them but to encourage their continuance and development, and—to quote his own words in 1897—

“ . . . to begin by the registration of such firms as have business houses at the treaty ports, to arrange for the carriage of their interport mails, to require all who thus register to send such interport mail matter, etc., through the Imperial Post Office, and to *affiliate them as agents of the I.P.O.* for

conveyance of letters, etc., to and from places inland. Special regulations have been drawn up in this sense for their guidance and observance, and while their constituents will continue to pay them as before for transmitting correspondence at native rates fixed by themselves, such firms, on the other hand, are to pay a transit fee to the I.P.O., which has undertaken the conveyance of their interport mails according to a special tariff. Accordingly, these native establishments will function for some time to come almost independently alongside of the I.P.O., but they will eventually be absorbed and gradually merged in the public Postal Service of the empire without being inconvenienced or suppressed."

This liberal policy was put into practice, and the prophecy is in a fair way to be fulfilled.

Special
Permits.

But the prescient perspicacity of the Inspector General was seen nowhere more clearly than in his dealings with the foreign steamer companies plying in Chinese waters. The Customs rule had long been that the loading and discharge of cargo could be carried on only between 6 a.m. and 6 p.m. and only *on weekdays*. To provide for exceptions, "Special Permits" were issued. These cost *Tls.* 10 per half-night, *Tls.* 20 per night, *Tls.* 20 for a holiday, and *Tls.* 40 for a holiday night. As the steamers increased, extra day-and-night work became the regular practice and the "special permit fees" were felt to be a burden on the steamer companies. At this point the Inspector General made the ingenious offer to refund half the special permit fees to those steamer companies which would agree to *transport the Chinese Post Office mails and to refuse all others*, except those of the country whose flag they carried. This proposal was cautiously advanced, the negotiations tactfully handled, and the steamer companies at length agreed to accept this refund in payment of the coastwise carriage of mails. It was "a good bargain for them then, but within ten years the advantage of the bargain was to the Posts."

Early hand-
ling of
foreign
mails.

In April 1896 China had addressed the Conseil Fédéral Suisse, informing it of the creation of the Imperial Post and of her intention formally to join the International Postal Union as soon as her postal organisation was sufficiently perfected; that, meanwhile, her Post Offices, as they opened at the treaty and other ports, would observe Union practice and rules. These declarations she confirmed again before the Universal Postal Congress of Washington in 1897. Senders of letters for abroad were encouraged to hand in their letters for foreign countries to the Chinese Offices franked with Chinese

stamps at Union rates. The Chinese Service then affixed foreign stamps to the same value and handed the letters over to the foreign Postal Agencies. In this way, though they received no part of the postage, the Chinese Post Offices introduced the principle that it was their function to handle the mail matter. They also accepted incoming foreign mail matter and gave it free distribution.

Thus, smiling upon the native letter-companies and humouring the foreign Postal Agencies, progress was bound to be slow, but, at length, a convention was signed with France in 1900 (February), one with Japan in 1903 (May), and in 1904 others with India (March) and Hongkong (December), all granting reciprocity of service in respect of the receipt, transport, and distribution of mail matter franked at Union rates, and paid for on the basis of yearly statistics, as is done between any two Union countries. And so, China came to be placed, through the intermediary of the contracting Administrations, in the same relations with all Union countries as if she had veritably joined the Union, although her complete and formal adhesion was given only in time for her to be represented at the International Postal Congress, which was to have been held at Madrid in September 1914, but was actually deferred till 1920. Under these new conventions, however, Chinese mail matter for abroad, franked with *Chinese stamps*, was handed over in open bags to the foreign Post Office concerned at the terminus port, and that Post Office, by date-stamping each cover, conferred on it the right of admission into any Union country in the world.

The *I Chan* was not fought; it was outrivalled, and, as has already been said, its functions were gracefully surrendered to the Post Office in 1912. But the letter-hongs were not so easily dealt with. When cajolery failed, an element of pressure had to be applied. Summoned to register, they at first refused, but the monopoly of steam-transport by the Imperial Post Office compelled their submission. Then they were required to make up their letters, etc., into "clubbed mails," which at first paid *no* transportation fees between the treaty ports, but had to pay half tariff rates on other steam routes and *full* rates—on the gross weight—on courier lines. In 1906 a strike was organised by the hongs, which demanded free transport for their "clubbed mails" irrespective of destination or mode of transport. The strike was broken; the agitation had done them much more harm than good. The Government ruled that henceforth the *min-chü* must pay, on the gross weight of their "clubbed mails," half tariff rates to all steam-served places and full rates on courier lines (16th November 1905). Another important Imperial decision was subsequently notified:

min-chü packages discovered being smuggled by steamers were liable to seizure; the individual letters were to be taxed and the offending letter-hong, whether registered or not, was to be prosecuted and punished. In September 1911 the Ministry ruled that all *min-chü* clubbed packages should pay full tariff rates on the gross weight instead of half tariff rates between treaty ports. Thus the Government refused to sacrifice the growing power and efficiency of the new Administration in order further to conciliate ancient sanctions which were no longer national but merely parochial.

Separation
from
Customs.

In 1906 the *Yu-ch'uan Pu* (Board of Posts and Communications) was established, and, from that time, it became "evident that, sooner or later, the Postal Administration would be brought under the direct control of the proper Board, and that its continuance as a department of the Imperial Maritime Customs was only a question of time." But orderly preparations for severance from the parent Service had been begun long before, and when, on the 28th May 1911—the date fixed by the Imperial Decree,—the act of separation was definitely effected, the change took place without any derangement of the postal machinery or routine.

In setting forth the rise and progress of the Postal institution under the fostering care of the various Ministries and departments, and restating the part played in its upbuilding by Sir Robert Hart, the long and loyal collaboration of his able coadjutor, Mr. Théophile Piry—who in 1901 had succeeded Mr. Van Aalst as Postal Secretary,—and the meritorious services of the staff, both Chinese and foreign, must not be overlooked. The memorial to the Throne concerning the taking over of the Postal Service by the Ministry of Posts and Communications paid Mr. Piry a well-earned tribute for his loyalty to the Government, and continued, "Mr. Piry, while having the special management of Postal affairs, has conducted them with systematic success and shown an ability rarely to be found." When the time of separation came, Sir Robert Hart was officially on furlough in England and the direction of the Imperial Maritime Customs had devolved upon Sir Francis Aglen, whose previous experience both as a Postal Commissioner *ex officio* and as Postal Secretary *pro tem.* gave him that long and practical acquaintance with the postal programme and postal needs, to which were due the sympathy and success with which he promoted every effort to secure for the branch, after its separation from the parent tree, a full and fruitful separate life. At the head of the now adult Postal Service Lord Li Ching-fang was placed as Director General and Mr. Piry was appointed Postmaster General. In that position he continued his far-sighted and energetic administration, always imbued with a

deep sense of the responsibilities involved in directing so important a branch of national enterprise; and the elaborate scheme of extension pursued and the satisfactory financial position attained in the past few years are largely the result of his sound policy.

In the years that have intervened since the separation, the progress of the Service has been steady, and the chief events in its later history are more or less matters of general knowledge. No sooner had the Directorate General of Posts been constituted as a Department of the Board of (Posts and) Communications, than the Revolution broke out at Wuchang (10th October 1911) and the Post Offices, as yet hardly accustomed to stand alone, felt the full force of the internal convulsion. Some Offices were closed for a time, others entirely isolated from all connexion with Peking. Nevertheless, much ingenuity and resource were shown by those cut off from the directions of headquarters. Chengtu carried on upon the lines so well and truly laid; the Nanking staff, turned out of their Offices, and even out of the city, during the siege, installed themselves on houseboats 10 miles up-stream and continued their handling and distribution of mails. At Hankow, too, where the city was practically wiped out by fire and 27 out of 32 Box Offices were destroyed, the employés moved into four boats moored in the river—and carried on! The Postmaster at Lhasa was driven from Tibet; the staff in many other places suffered hardship. The temporary division of authority during the civil war resulted in unsuccessful attempts to change the organisation of the Post Office, to issue separate stamps and to finance the Service independently of Peking. Yet when the mephitic atmosphere stirred up by the Revolution was dissipated, the Service was found, somewhat defaced and weather-beaten, it may be, but in good working-order, firm-set on the rock of its customary and long accepted rules and regulations and looking to the one central authority in Peking for guidance.

On the 21st September 1911, Sir Robert Hart died in England. He had served this country long and loyally, and, in all his negotiations on behalf of the National Post, he conceded nothing that was derogatory to the dignity or distasteful to the sentiments of the Chinese people. His eminent services were fully recognised by the Government in the honours it bestowed upon him.

But the aftermath of the civil war—a period of localised rebellions, bandit activities, and famine—was more protracted and more trying to the now self-relying Service than the short, sharp season of revolution. In this unsettled time the postal net, so suddenly and thoroughly broken, had to be repaired and re-knit.

The activities of "White Wolf," together with widespread floods and plague, were additional hampering restrictions, while the institution of censorship; the establishment of Field Post Offices with men drawn from the Post Office; the promulgation of the Stamp Tax Law, making all Post Offices throughout the country bureaux for the sale of revenue stamps; the reorganisation of the Service, altering district boundaries to conform with provincial borders; the opening of new railways; and the exceptional development of journalism and newspaper circulation,—all these changes and superadded duties in critical times imposed the severest test on the adolescent Service.

In 1914 China formally entered the Postal Union and, in consequence, had to undertake new responsibilities in connexion with Union mails. Moukden, Tientsin, Shanghai, Canton, Harbin, Manchouli, and other Offices were constituted Exchange Offices for these mails, and "Bureaux Ambulants" were established on the Tientsin-Pukow and Peking-Moukden Railways to operate in connexion with them. Yet again interruption to smooth-working and development came—this time in the shape of the European War, which broke out in August and caused the postponement of the Postal Congress which had been called to meet at Madrid and at which the Postmaster General had intended to be present as one of China's Plenipotentiaries. Hostilities in connexion with the Great War spread to the Kiaochow Leased Territory, disorganising the Tsin-pu Railway operations. The Siberian Railway was closed to passengers and mails; the steamers of the P. & O., C. P. R., M. M., and other principal mail companies were requisitioned by their respective Governments; and mail connexions became irregular and uncertain. But peaceful conditions did not prevail at home either; bandits were still active, military broils recurred in the Yangtze Valley, and floods swept over great areas of the country. The Nanking staff had again to take to the river; the Wuchow Office twice transferred its operations to cargo-boats, and, on account of the floods, mails were delivered by sampan. Still, it seemed as if all its adverse conditions were only strengthening the Postal fabric, and that it was being carried on by an irresistible momentum. For the first time, in 1915, the revenue of the Service exceeded its expenditure. In the same year Mr. Piry went on a year's leave to France, handing over charge of the Service to Mr. Picard-Destelan, who became Associate (and latterly Co-) Director General. Indifferent health prevented Mr. Piry's return and, his resignation from active work in China having been tendered and accepted, he was appointed Honorary Adviser to the Chinese Postal

Administration. But he held this position for only a year when death supervened (July 1918). The following note of appreciation appeared in the Postal Report for that year:—

“He has been associated with the administration of the Service almost from its inception, and to him more than to any other is due the credit for its present development and efficiency. Appointed Postal Secretary under Sir Robert Hart in 1901 after twenty-seven years of service in the Customs, he has ever since devoted his life to its interests, carefully working out the scheme of extension originally laid down by the Inspector General, and successfully piloting it through all kinds of difficulties and perplexities. As Postmaster General under the Ministry of Communications, he continued his wise and energetic administration and filled his high position with ability and distinction.”

Within the last five years development and extension have been pushed forward on broader lines and with more telling effect, as a glance at the table on page 294 will amply prove. The limit of weight of parcels to, from, and between non-steam-served places was in 1916 raised from 3 to 5 kilos (11 lb.), and in 1919 from 5 to 10 kilos (22 lb.); and in the former year the domestic parcel system was extended to far-off Sinkiang (Chinese Turkestan). The following year saw the same distant outpost introducing the money order system. Advantage has been taken of every new trunk or branch railway opened to traffic, and of every manner of craft afloat, to expedite mail transmission. In 1919 a system of steamer-subsidies for the carriage of mails was adopted in place of the time-honoured system of refunding “Customs Special Permits”; under the new system the amounts paid for transport are in direct proportion to the weights of mails carried. Conventions and Agreements with most Union countries for exchanges of parcels, of insured letters and boxes, and of money orders, have followed in quick succession. The British and French coolie-labour recruiting authorities have lately tested the elasticity of the money order service and found it capable of marvellous adaptation to unfamiliar conditions. These words from the report of the officer lately in charge of the Emigration Office established at Tsingtau in connexion with Chinese Labour Corps are a valuable testimonial:—

“The manner in which the Chinese Postal Administration has carried out the payment of allotments has been beyond praise. The best test of this has been the absence of complaints on repatriation from the most distant homes. This result has

only been obtained by very close co-operation. Every complaint received by me connected with our money order system has been inquired into by the Postal Authorities, often at considerable expense. We have worked with an elaborate system of guarantees, and whenever it has been proved that money had been paid into wrong hands it has been promptly repaid by the Chinese Post Office, which took on itself the onus of recovery from the payee; representations and complaints to Chinese local officials in remote districts were thus undertaken by a Chinese Service, whereby the chances of international friction were much reduced. We have identified and settled accounts punctually with men in the most remote parts of the country, and in all payments effected through the Chinese Postal Service we have not lost a single dollar of British Government money, though such payments have amounted to several million dollars. In exchange for the money order fees, the Chinese Post Office has accepted all responsibilities of finance, identification, embezzlement, robbery, etc. These risks have reduced considerably the net monetary profits of the Chinese Post Office, especially during the civil war and floods and drought which have devastated Chihli Province. The service was, however, never interrupted, nor have the Postal Commissioners ever failed in close co-operation."

But the greatest boon of all in recent years, and of most far-reaching effect, has been the inauguration and rapid extension of the rural delivery and collection circuits, which are bringing the cultural influences of the outer world to isolated groups of folk who are more than willing to speed the feet of the bringer of good tidings.

It is impossible to conceive to what extent the course of the country's history during the past decade would have varied had not the National Post existed in such a state of development. It is safe to say, however, that the time of the nation's greatest need was the Administration's supreme opportunity, and it was not neglected. The unifying influence of the National Post is undeniable.

And now to her many other activities the Post Office has added the roles of telegram-distributor at places not provided with Telegraph Offices, of banker for the savings of the thrifty, and even of (unofficial) census-taker. The potentialities of the institution for still greater services to this country and to other lands overseas are now almost unlimited. For when cheap and speedy railway facilities supplement and quicken the present mode of mail communications with the far interior, they will start the circulation of ideas among ever larger groups of men, even as

learning of all kinds increases with the means of disseminating it. And this capacity for extended service is due in large measure to the wisely restraining hand kept upon the postal venture in the early years when the founder believed that incaution would be the prelude to disaster. But his aim has been essentially fulfilled in the gradual extension to almost the whole population of those opportunities and resources of postal communication which are really needed for present-day comfort, for the dissemination of ideas, and for the full and harmonious development of the entire nation.

In September 1920 China sent delegates to the Postal Congress at Madrid—deferred from 1914. There practically all her proposals were passed by the Congress. In October of the same year the closing of the Russian Postal Agencies brought some accession of business to her National Post Office. And now she is ready for the next step! The decisions of the Washington Conference have given her reason to hope and believe that she will speedily come into the whole of her birthright, in the withdrawal from her soil, at the end of 1922, of all alien Postal Agencies.

To the work of the Chinese Postal Service there is a side which is extremely romantic; the illustrations* included in this Report must be left to depict it. But when the last-stage courier on the long line—the longest in the world (4,400 miles)—which connects Peking and Kalgan with Tihwa in Chinese Turkestan, arrives—

“ . . . the herald of a noisy world,
News of all nations lumbering at his back.”

perchance it may occur to the dwellers in that far-off, isolated community to regard him as an outward and visible sign of the happiest method of “peaceful penetration.”

There was a time, in the early days of its career, when the Chinese name of the Post Office—*Yu Chêng Chü*—was uttered in derision. Those days are long past; the institution has gone from strength to strength and is now popularly recognised not only as the servant of the people, but as the—

“ BOND OF THE SCATTERED FAMILY
ENLARGER OF THE COMMON LIFE
CARRIER OF NEWS AND KNOWLEDGE
INSTRUMENT OF TRADE AND INDUSTRY
PROMOTER OF MUTUAL ACQUAINTANCE,
OF PEACE AND OF GOODWILL,
AMONG MEN AND NATIONS.”

*Not printed.

Table showing Totals and Increases in the amount of Mail Matter Posted, the weight of Parcels Posted, the value of Money Orders Issued, the number of Postal Establishments, and the length of Courier Lines during the years 1905-1920.

YEARS.	MAIL MATTER POSTED.	WEIGHT OF PARCELS POSTED.	VALUE OF MONEY ORDERS ISSUED.	ESTABLISH- MENTS.	COURIER LINES.
	(1)	(2)	(3)	(4)	(5)
	<i>Millions.</i>	<i>Kilos.</i>	<i>\$</i>		<i>Li.</i>
1905 { Increase ...	3	111,259	478,758	307	20,000
1905 { Total	23	1,103,403	1,231,266	1,626	121,000
1910 { Increase ...	76	2,151,727	4,048,734	3,731	166,000
1910 { Total	99	3,255,130	5,280,000	5,357	287,000
1915 { Increase ...	111	4,648,999	6,706,800	3,153	123,000
1915 { Total	210	7,904,129	11,986,800	8,510	410,000
1920 { Increase ...	190	12,872,008	46,936,800	1,959	65,000
1920 { Total	400	20,776,137	58,923,600	10,469	475,000

**Customs Revenue Surplus; Claim of South-western Provinces
to Share of.**

GENERALISSIMO'S HEADQUARTERS,
DEPARTMENT OF FOREIGN AFFAIRS,
CANTON, 5th September 1923.

SIR,

I have the honour to address to you as Senior Member of the Consular Body in Canton, the present note and accompanying memoranda, with the request that you forward them to the Doyen of the Diplomatic Corps for the consideration of the Representatives of the Foreign Powers.

I write with reference to the claim of the South-western Provinces for their share of the Customs Surplus. There is no doubt that there is an ample surplus remaining after the foreign obligations charged on the Customs revenues are paid and that at present it goes to pay past debts contracted by Peking. It thus sets free other revenues which are employed by the northern militarists to make war against the Southwest. These provinces are then forced to raise funds to meet attacks funded by what rightly are their own moneys. They therefore suffer a double loss: loss of funds which should be used for constructive purposes and which, turned over to northern militarists, are actually used to institute war against them, and loss in that for every one of these dollars employed against them they have to raise one or more dollars in self defence. Such a situation is not only impossible but also insufferable. It has been tolerated so long already; it obviously cannot be endured any longer.

I have the honour to enclose herewith a memorandum stating the case of the South-western Provinces in their claim for their portion of the Customs Surplus. In order to show that it is not the intention of this Government to employ such funds, when obtained, for political or military purposes, I enclose a second memorandum outlining the purposes, all of a constructive nature, to which it is proposed to apply them.

I trust that an early and favourable consideration will be given by the Diplomatic Body.

I have, etc.,

(signed) CHAO-CHU WU.

SIR JAMES W. JAMIESON, K.C.M.G.,
H.B.M. Consul-General, Canton.

GENERALISSIMO'S HEADQUARTERS,
DEPARTMENT OF FOREIGN AFFAIRS.

CANTON, 17th September 1923.

SIR,

I have the honour to address you on a matter of pressing importance to the Southwestern Provinces, viz., the claim for their portion of the surplus of the Customs Revenues. You will no doubt remember that that portion was paid to them from 1919 to 1920, and that toward the end of 1920 application for it was again made which was favourably considered by you and which would have been successful but for an obstacle arising at the last moment.

There is no doubt that there is an ample surplus remaining after the foreign obligations charged on the Customs Revenues are paid and that at present it goes to pay past debts contracted by Peking. It thus sets free other revenues which are employed by the northern militarists to make war against the Southwest. These provinces are then forced to raise funds to meet attacks funded by what rightly are their own moneys. They therefore suffer a double loss: loss of funds which should be used for constructive purposes and which, turned over to northern militarists, are actually used to institute war against them, and loss in that for every one of these dollars employed against them they have to raise one or more dollars in self-defence. Such a situation is not only impossible but also insufferable. It has been tolerated so long already; it obviously cannot be endured any longer.

I have the honour to enclose herewith a memorandum stating the case of the South-western Provinces in their claim for their portion of the Customs Surplus. In order to show that it is not the intention of this Government to employ such funds, when obtained, for political or military purposes, I enclose a second memorandum outlining the purposes, all of a constructive nature, to which it is proposed to apply them.

I request that you should divide the Customs Surplus proportionately between Canton and Peking as was done from 1919 to 1920, and also to refund the surplus accumulated from March 1920 up to the date when payment is renewed.

I trust that you will give the matter the same favourable consideration as before.

I have, etc.,

(signed) CHAO-CHU WU,

Secretary for Foreign Affairs.

SIR FRANCIS AGLEN,

Inspector General,

CHINESE MARITIME CUSTOMS,

PEKING.

BRITISH LEGATION, PEKING.

25th September 1923.

MY DEAR BOWRA,

I meant to have asked you yesterday if you could tell me what the attitude of the Inspector General would be to the Mandate and Memorial published in the Chinese Government Gazette of the 21st instant recommending the permanent continuance of Sir Francis Aglen's scheme of August 1922 for securing the service of the internal consolidated loans on the Customs Surplus including therein the proceeds of the revision up to the effective 5 per cent and its extension to the service of the Chinese portion of the \$96 million loan of 1922.

I understand that the Inspector General in a Memorandum to the Shanghai General Chamber of Commerce etcetera of the 14th January last has already admitted the liability of the Customs Surplus to meet the \$96 million loan service if and when sufficient funds are in hand. You will realise that the point is an important one in connection with the impending meeting of the Diplomatic Body to discuss the application by the *de facto* Canton Government for the release to them of a *pro rata* share of the Customs Surplus. If Sir Francis Aglen accepts the Mandate and agrees to add the Chinese portion of the \$96 million loan to the internal loans which are now secured on the surplus, it invalidates one of the principal arguments of the Diplomatic Body in rejecting the demand of the

Canton Government, viz. that there is no Customs Surplus available for release and also would appear to conflict with the statement of the position in respect to the balances held in the Inspector General's Loan Service and Revenue Accounts contained in your letter of the 2nd May to the Dean of the Diplomatic Body concerning the request of the Wai-chiao Pu for a release of two million Haikwan taels for the Legations abroad, if, as I believe to be the case, the Customs Revenue returns have not improved since the date of your letter.

Yours sincerely,

(signed) RONALD MACLEAY.

C. A. V. BOWRA, Esquire,
Acting Inspector General,
CHINESE MARITIME CUSTOMS,
PEKING.

**Copy of Telegram sent by Mr. David Fraser to "The Times,"
24th September 1923.**

The Diplomatic Body has been requested by the Canton Government to allocate to them a proportion of the Customs surplus, as was done in 1920 when the Canton Military Government represented five provinces. It was then claimed with some reason that the large surplus of those days of high silver was being used by the North to fight the South, and that Canton largely recognised in the country was entitled to share in any national revenue part of which was collected within its jurisdiction. The present situation differs however from the former in that the Canton Government now only represents a part of Kwangtung province and is momentarily liable to defeat by opposing military factions. It is also the case that a much diminished surplus is now devoted to the consolidated internal loan service and that the amount available will only be sufficient this year to pay interest leaving amortization outstanding. There is in fact no surplus, although Canton endeavours to argue otherwise.

But the point for foreign consideration is that Canton if not met in the matter threatens to declare all the ports in the province free ports, a course which would diminish the total revenue pledged

against foreign debt, yet leave them the opportunity subsequently to impose duties on goods that had entered duty free, for them an enticing prospect.

If the Diplomatic Body admits the principle that provinces independent of the Central Government are entitled to share in surplus revenue there will immediately arise other claimants besides Kwangtung and the surplus now insufficiently serving the domestic loans will disappear and provoke a financial panic in North China. If Canton is refused, action may follow in Kwangtung, and be imitated in other provinces, which would jeopardise the whole position of the Customs Administration.

The situation confronting the Powers is that individual rulers throughout the country are flouting treaties, and that the phantom Central Government is powerless to enforce obedience. It is a case either of suffering a derogation of rights surely to be followed by material loss, or of defending rights by joint action. The present foreign trade of China represents a value of some £300,000,000, but it will not be worth this figure much longer if the Chinese are to be allowed to make ducks and drakes of the treaties.

Letter to Sir Ronald Macleay *re* suggested release of *pro rata* share of Customs Surplus to Southern Government.

DEAR SIR RONALD,

1.—I have to acknowledge your letter of the 25th instant:

requesting to be informed of the attitude of the Inspector General towards the Mandate of the 21st instant authorising (1) the continuance of the Inspector General's plan of securing the Domestic Loans of the Consolidated Debt on the Customs Revenue surplus, and (2) the placing of the Chinese portion of the 96 Million Loan as a second charge on such surplus but under the Inspector General's control; pointing out that if the Inspector General agrees to add the Chinese portion of the 96 Million Loan to the other Domestic Loans now secured on the surplus, it invalidates the principal argument against the demand of the Canton Government, viz. that there is no Customs surplus available; and referring to my letter of 2nd May to the Diplomatic Body in confirmation of the statement that there is no such surplus.

2.—The Memorandum in Chinese issued by Sir Francis Aglen in January this year makes clear his attitude towards the 96 Million Loan. He recognises that it has been placed by the Chinese Government as a charge on the Customs Revenue surplus, but he does not recognise that it has any claim on such surplus until all payments, both interest and redemption, due on the Loans comprised in the Consolidated Loan service have been provided for in full. The issue of the Mandate on the 21st instant does not alter his attitude in this respect. In fact, in view of the present unsatisfactory condition of the Consolidated Loan service, which for this year by the 30th September will be over eleven and a half million Dollars in arrears for redemption payments he has emphatically refused to have anything to do with the service of the 96 Million Loan unless these arrears are cleared off, and full provision made for the remaining interest and redemption payments of the Consolidated Loan service due in December this year. With Revenue returns coming in as at present, the chances of these arrears being made good this year may safely be regarded as *nil*. I may add that the authors of the Mandate were perfectly well aware of the Inspector General's attitude and of the insufficiency of Revenue before the Mandate was issued. The time at which it was issued and the financial embarrassment of the Government afford a pretty clear indication of its purpose.

3.—Your reference to my letter of the 2nd May to the Diplomatic Body is a little puzzling. The statement I then made, viz.:

“I would say that as the balances held at present in the Inspector General's Loan Service and Revenue Accounts are not sufficient to cover more than the immediate Foreign Loan and Indemnity obligations chargeable to these Accounts, it will not now be possible, without endangering the service of the Foreign Loans, to make from Customs Revenue the appropriation now asked for by the Wai-chiao Pu.”

was a perfectly true description of the situation at that time, and in corroboration of it I append the figures on which I based my statement. As the factors, however, affecting Revenue are never constant, it can hardly be expected that what holds good at any given moment will be applicable without modification four or five months afterwards. During May the net Maritime and Native Customs combined Revenues showed a considerable advance on the collection for the corresponding month of last year; in June and

July there was a slight falling off, and in August a slight gain which more than compensated the decrease of the two previous months. For the first eight months of this year the total net Maritime and Native Customs combined Revenues is *Sh.Tls.* 39,435,864.41 and the total cost of the Foreign Loans and Indemnities for the same period, including full gold cover for the Franc indemnities due to France, Italy, and Belgium, is *Sh.Tls.* 33,931,727.53. The difference between these two figures,—roughly *Sh.Tls.* 5,500,000—however, is not to be regarded as available surplus, for out of it had to come the monthly appropriations for the building of a new Custom House at Shanghai, amounting for the eight months to *Sh.Tls.* 1,600,000. The remaining balance was devoted to the maintenance of such institutions as the Weihaiwei Retrocession Commission, the Extra-Territoriality Commission, the Central Plague Bureau, the Educational Grant for Chinese Students Abroad, etc., etc. and to the purchase of Dollars for the payment of interest—and of interest only—on the Loans of the Consolidated Loan Service. On the admission of the priority of the above claims there is obviously now no available surplus.

Yours, etc.,

CECIL A. V. BOWRA.

His Excellency,

SIR RONALD MACLEAY, K.C.M.G.,

H.B.M. Minister,

PEKING.

APPEND.

Statement showing Balances on 1st May in the Inspector General's Loan Service and Foreign Revenue Retained Portion Accounts, and Foreign obligations immediately chargeable thereon.

Total Balance on 1st May 1923 in Inspector General's Loan Service and Foreign Revenue Retained Portion Accounts *Sh.Tls.* 5,499,025.14

Foreign Obligations immediately chargeable on the above balance, and for which, therefore, sufficient cover must be retained:—

Sh.Tls.

Cover for cost of Indemnities (in Gold), due to France, Italy, and Belgium, for December 1922 and January to April 1923, temporarily retained in Loan Service Account pending settlement of Gold Franc controversy 2,415,708

Estimated cost of 4 per cent Gold Loan of 1895, July instalment, now being purchased; *Frcs.* 18,008,902 @ 70 = £257,270 @ 3/- = 1,715,333

May instalment of 4½ per cent Gold Loan of 1898, due on 5th May, before next distribution takes place; £69,602 13s. 4d. @ 3/- = ... 463,971

To the above must be added the instalment of *Hk.Tls.* 200,000 for the Lower Liao River Conservancy Board; approved by the Diplomatic Body, and sanctioned by the Ts'ai-cheng Pu, but not yet by the Shui-wu Ch'u @ 111.4 = 222,800

Sh.Tls. 4,817,812

PEKING, 2nd May 1923.

Customs Revenue Surplus: claim of Canton Government for
pro rata share of; I.G.'s remarks.

No. 6047 Commrs.
Canton. No. 96194.

SIR,

I have to acknowledge receipt of your Despatch No. 11614:

enclosing a letter and a memorandum from Dr. C. C. Wu, Secretary for Foreign Affairs for the South Western Provinces, advocating the claim of the Southern Government to a *pro rata* share of the Customs Revenue surplus, and the payment of such share from March 1920 onwards:

and to confirm my telegram of the 2nd instant:—

“Confidential. Your Despatch No. 11614: Matter now before Diplomatic Body who have referred to home Governments. Do you consider threat of making Canton a free Port serious, and is Wu in position to enforce it? If any measures in this way are contemplated you should be in position to maintain collection of the Revenue on lines indicated in I.G. instructions to Wilson. If necessary be prepared to take precautionary measures as described in Canton S/O Letters Nos. 135, 136, 137 of 1921.”

As this matter of issuing a *pro rata* share of the Customs Revenue surplus to the Southern Government is in the hands of the Diplomatic Body, a decision on it will, no doubt, in time be communicated to that Government through the Dean of the Consular Body in Canton. In the meantime you should take the first opportunity of pointing out to Dr. C. C. Wu that his Government's optimistic expectations of an ample Customs Revenue surplus are not at all likely to be fulfilled. World-wide trade depression, civil strife and political unrest in China, the Japanese boycott, and more recently the Japanese earthquake disaster have all had a restrictive influence on trade, with the result that the Customs Revenue, in spite of the effective 5 per cent Import Tariff, shows for the first nine months of this year only a slight increase on last year's Revenue for the same period. On the other hand, the cost of the Foreign Loans and of the Indemnity during these nine months has been very much greater than it was during the corresponding period last year. This is due to the fall in exchange which stands much below last year's

level, to the provisions necessary to ensure payments in Gold of the Indemnity instalments due to France, Italy, and Belgium, and to the increased amortisation instalments of the 1913 Reorganisation Loan which fell due from July this year. I append a table showing the total nett Revenue (*i.e.* the Revenue available for Loans and Indemnity after payment of Office Allowances, Superintendents' Allowances, Remittance charges and so forth) for the first nine months of this year, and the manner in which this Revenue has been disposed of. You are at liberty to give Dr. Wu the main facts of this table, and in doing so you should point out that the available surplus, which is not to be mistaken for a balance now in hand, has been so scanty that only the interest payments on the Domestic Loans of the Consolidated Debt could so far be met. The redemption payments for these Loans are for the first nine months of this year over eleven and a half million Dollars in arrear, while by the close of the year the default will, almost to a certainty, stand at fourteen and a quarter million Dollars.

I am, etc.,

CECIL A. V. BOWRA,
Officiating Inspector General, ad interim.

THE COMMISSIONER OF CUSTOMS,
CANTON, 9th October 1923.

Table showing Collection and Disposal of nett Maritime and Native Customs Revenues for the period 1st January to 30th September 1923.

<i>Collection.</i>	<i>Sh.Tls.</i>
Nett Maritime Customs Revenue	40,712,704.35
Nett Native Customs Revenue.....	2,989,317.36
	<hr/>
	<i>Sh.Tls.</i> 43,702,021.71
	<hr/>

<i>Disposal.</i>	<i>Sh.Tls.</i>
Franco-Russian Gold Loan of 1895	6,131,806.71
Anglo-German Gold Loan of 1896	4,674,980.62
Anglo-German Gold Loan of 1898	4,061,090.02
Reorganisation Loan of 1913	6,507,342.13
Boxer Indemnity instalments	12,911,021.18
Gold cover make-up necessary to ensure pay- ment in Gold of Indemnities due to France, Italy, and Belgium	3,200,000.00
Total Foreign Loans and Indemnity <i>Sh.Tls.</i>	37,486,240.66
Shanghai Custom House Building Fund	1,800,000.00
Maintenance Grants to various Commissions and Bureaux; most of which have been approved by the Diplomatic Body.....	847,219.11
	<i>Sh.Tls.</i> 40,133,459.77
Surplus available for service of Consolidated Debt Domestic Loans	3,568,561.94
	<i>Sh.Tls.</i> 43,702,021.71

REPUBLIC OF CHINA, GENERALISSIMO'S HEADQUARTERS,
DEPARTMENT OF FOREIGN AFFAIRS,
CANTON, 23rd October 1923.

SIR,

I have the honour to request you as Senior Member of the Consular Body in Canton to forward the accompanying memorandum to the Doyen of the Diplomatic Body, Peking, for the consideration of the Representatives of the Foreign Powers.

I have, etc.,

(signed) CHAO-CHU WU,
Secretary for Foreign Affairs.

SIR JAMES W. JAMIESON, K.C.M.G.,
H.B.M. Consul-General, etc.

REPUBLIC OF CHINA, GENERALISSIMO'S HEADQUARTERS,
DEPARTMENT OF FOREIGN AFFAIRS,
CANTON, 23rd October 1923.

1.—On 5th September 1923, the Secretary for Foreign Affairs of the Government of Canton submitted to the Diplomatic Body in Peking through Sir James Jamieson, H.B.M. Consul-General and Senior Consul at Canton, a memorandum in support of its claims for a share in the Customs surplus revenue and on September 28th he was informed by Sir James Jamieson that a telegram had been received from the Doyen of the Diplomatic Body in Peking with the request to inform the Secretary for Foreign Affairs that the question was being considered by them.

2.—No further communication having been received this Government, referring to the clear exposition of the case as contained in the memorandum, renews its request for immediate action by the Diplomatic Body upon the matter. It desires particularly to refer to subdivision (a) of paragraph 4 of the said memorandum and to call attention of the Diplomatic Body to the fact that on October 12th the Consortium Ministers, in a memorandum addressed to the Peking Wai-chiao Pu, seriously question the scheme by which the Peking Government seeks to dispose of the Customs surplus through the trusteeship of Sir Francis Aglen and protest against the permanent continuance of such scheme.

3.—This Government adheres to its contention that the Peking mandate of March 1921, attempting as it does to deal with funds claimed by and belonging to this Government, is void and of no force and effect. The claim of this Government rests on solid foundation; it has been declared valid in the past; payments have been made under it and have been discontinued for transient political reasons only; its existence has been generally recognised and at no time has it been definitely rejected. To divert the sums against which this claim is made, temporarily or permanently, without the consent of this Government would be comparable to the action of a debtor transferring all of his assets to a trustee for the benefit of some of his creditors when he knows that those assets are not entirely his own.

4.—Since the scheme of distributing the surplus as now carried on is illegal, unfair and unjust, and since the Consortium Ministers have likewise voiced their disapproval and objection, its continuance will only create unsatisfactory if not dangerous conditions. It is

therefore submitted that the question of disposing of the surplus be reopened in its entirety and be settled and adjusted by all parties interested in it, including this Government.

(signed) CHAO CHU WU.

Replies from the Diplomatic Corps.

The following are the telegram and dispatch sent by the Dean of the Diplomatic Body on December 12 to the Senior Consul at Canton:—

The Diplomatic Body has been informed that Dr. Sun Yat-sen and the local government of Canton without awaiting a reply to the appeal which they had addressed to the Dean for a reconsideration of previous decisions with regard to the allocation of the Customs surplus, have threatened to take over temporarily the administration of the Chinese Maritime Customs at Canton.

The Diplomatic Body requests that you will in your capacity of Senior Consul warn the local Government of Canton that they are not prepared to admit any interference with the Chinese Maritime Customs and that in the event of any such attempt being made they will take such forcible measures as they may deem fit to meet the situation.

(signed) W. J. OUDENDIJK.

PEKING, 12th December 1923.

SIR,

With reference to your letters dated September 7 and October 24 last on the subject of the claim put forward by the Government of Dr. Sun Yat-sen in Canton to a share in the Customs surplus after the foreign obligations charged on the customs revenues are paid, I have the honour to inform you that this question was duly considered by the Diplomatic Body. The conclusion arrived at, which I am desired to request you to bring to the notice of the

Canton authorities concerned, was to the effect that the granting or refusal, of such a claim does not lie within the province of the Diplomatic Body.

The signatory Powers of the final protocol of September 7, 1901, derived from the protocol the right to ensure the priority of the payment of interest and amortization of certain foreign loans secured on the Customs revenues previous to 1901 and of the payment of interest and amortization of the indemnity mentioned in Article 6 thereof, but no treaty right has been conferred upon them to decide to what purpose the Chinese Government shall use the funds which at the end of each year shall remain at the disposal of that Government after the services of the said loans and indemnity shall have been entirely provided for.

Moreover, by the agreement between the Diplomatic Body and the Chinese Government of the 30 January, 1912, the former were practically appointed trustees of the Maritime Customs revenues for the protection of the above-mentioned obligations; but that agreement did not confer upon the Diplomatic Body the power to *allocate* surplus.

As to the payments out of the surplus of Customs receipts for certain domestic loans to which Mr. C. C. Wu in his letter to you refers, I have to point out that the Diplomatic Body are in no way concerned with the service of these loans, which was instituted without their previously having been consulted.

Finally, I may perhaps remind you that the arrangement by which the then existing "Constitutional Government" at Canton was handed over a certain percentage of the customs surplus in 1919 and 1920 was arrived at between that Government and the Chinese Government in Peking. The Diplomatic Body on that occasion neither took the initiative nor did they act as intermediaries for the conclusion of that arrangement. It is evident that they could not do so now either.

I have etc.,

(signed) W. J. OUDENDIJK.

SIR JAMES JAMIESON, K.C.M.G.,
H.B.M. Consul-General, etc.

Dr. Sun Yat-sen's Statement.

Dr. Sun Yat-sen's Government on December 19, 1923, authorized the following statement:—

The Chinese Maritime Customs is a Chinese Government Service, and its receipts form part of the national revenues of China. These Customs receipts are pledged for the service of the punitive indemnities assessed under the Boxer Protocol and other foreign obligations, after payment of which the balance remaining is known as the "Customs Surplus."

2.—In normal circumstances, the Customs Surplus is payable to the Central Government: and it was so paid to the Government at Peking until 1919, when the Constitutionalist Government—which had been established in 1917 following the illegal dissolution of Parliament and other treasonable acts at Peking—successfully asserted its claim to a share in the Surplus to the extent of 13.7% of the whole.

3.—This share in the Customs Surplus was paid to the Constitutionalist Government up to March 1920, when internal differences among the members of the Government led to the suspension of regular payment. Since then the Government at Canton has repeatedly pressed for the resumption of payment until finally, on September 5th last, a memorandum of the subject was communicated to the Diplomatic Body at Peking, in which this Government contended that the disposal of the Customs Surplus was entirely a matter of Chinese concern, being outside the ambit of the competence of the Foreign Powers who were interested in the Customs revenues to the extent only of the foreign obligations charged thereon. The Diplomatic Body were therefore requested to instruct the Commission of Bankers to hand over the Customs Surplus immediately to the Inspector-General of Customs who would then be requested by this Government to divide it proportionately between Canton and Peking and to refund the Surplus accumulated since March 1920.

4.—Save for a bare telegraphic intimation on September 28th that this memorandum was under the consideration of the Diplomatic Body, no reply was vouchsafed to this Government until the 3rd instant—after nearly three months' delay—when the Diplomatic Body cabled a message stating that they had learned that this Government, without awaiting a reply to the memorandum of September 5th, had threatened to take over temporarily the administration of the Chinese Maritime Customs at Canton, and

informing this Government that the foreign representatives were not prepared to admit any interference with the Chinese Maritime Customs and, in the event of any such attempt being made, they would take such forcible measures as they might deem fit to meet the situation.

5.—On the 5th instant, this Government replied that the Chinese Maritime Customs was first and last a Chinese Government Service and was subject, at least with respect to the ports within its territory, to the orders of this Government. The reply went on to state that as its Customs revenues were remitted to Peking and there used so as to release other revenues for the financing of one military expedition after another against it, this Government intended to order the Customs authorities to cease remitting to Peking and retain the funds for local use. It emphasized that no interference with the Customs was contemplated nor had there been any threat made to take over temporarily the administration of the Chinese Maritime Customs at Canton. It insisted that the question was a purely Chinese internal affair and consequently did not concern the Foreign Powers. And it added that as this Government had waited patiently for three months to a day for a reply, it seemed hardly reasonable for the Diplomatic Body to complain of precipitate action on the part of this Government who, however, in deference to the representations of the Diplomatic Body and as proof of the conciliatory spirit actuating it, would refrain taking any definite action for another two weeks in order to await the decision of the Diplomatic Body.

6.—On the 14th instant, this Government received a considered reply from the Diplomatic Body who cabled it from Peking under date of the 11th instant. The reply states that "the Signatory Powers of the Final Protocol of September 7th 1901 derived from that Protocol the right to ensure priority of payment of interest and amortization of certain foreign loans secured on the Customs revenues previous to 1901 and of payment of interest and amortization of the indemnity mentioned in Article 6 thereof, but no treaty right has been conferred upon them to decide for what purpose the Chinese Government shall use funds which at the end of each year shall remain at the disposal of that Government after service of the said loans and indemnity shall have been entirely provided for."

7.—This is an explicit confirmation of the contention which this Government has throughout insisted upon, and it completely dissipates any doubt as to the validity and propriety of the action which this Government has hitherto taken in the matter of the

Customs Surplus. This Government holds and the Diplomatic Body specifically admit that the disposal of the Customs Surplus is a matter with which the Foreign Powers have no treaty right to interfere: and therefore when this Government claims its share of the Surplus it has to deal with the rival Government at Peking and with the Inspector-General of Customs and with them alone. The Peking Government may send its armed forces here to prevent this Government from receiving its share of the Customs Surplus. But the Foreign Powers are not justified to assemble (as they are now doing) their ships of war in Canton harbour in order to protect, nominally, a disputed right but practically to assist the Peking Government to impose its will on this Government.

8.—In these circumstances, the course of this Government is clear. As the Peking Government, being illegally constituted and nationally repudiated, is not entitled to appropriate or dispose of Customs Surplus funds, this Government has to-day issued an order to the Inspector-General (a) to retain at Canton or other places to be designated all Customs revenues collected within the territory of this Government and, after providing for a proportionate share of the funds required for the service of the foreign obligations charged on the Customs, to pay the same as may be ordered by this Government: and (b) to refund and make good all arrears of Customs Surplus payable to the Government here since March 1920.

9.—If this order be not obeyed, this Government will proceed to appoint new Customs officials who will recognize its authority and loyally assist and co-operate in carrying on the public and routine work of government here. In this way the continuity of the Chinese Maritime Customs Service will be preserved; and any disorganisation thereof, in the circumstances, is only likely if the Inspector-General of Customs refuses to co-operate with this Government in the administrative work of the Customs within its territory.

10.—This statement would not be complete unless two considerable points were emphasized, one legal and the other moral in its implication. The first is that foreign obligations, including the Boxer Indemnity, are secured on the Revenues and not on the buildings and other corporeal properties of the Chinese Maritime Customs. If, therefore, it becomes imperative for this Government to install any new Customs officials in the administrative and other buildings of the Customs here, the Foreign Powers are—as in the case of the Customs Surplus—without any treaty right to interfere with such a routine act of administration. And they are less entitled

to interfere in view of the undoubted fact that the Customs revenues collected outside the territory of this Government being more than ample, to the extent of many millions, to meet all foreign obligations, there is not the slightest prospect of any change of Customs officials here affecting or otherwise endangering the punctual service of all such foreign obligations.

11.—The other point is this. The Foreign Powers are mainly interested in the revenues of the Chinese Maritime Customs to the extent and in respect of their respective shares in the Boxer Indemnity. This Indemnity, it must be noted, is the sole punitive or penal sum inflicted on a defeated people which survives from the pre-war period. Indeed, there is no treaty in force to-day which imposes a similar penalty: even the Treaty of Versailles does not assess punitive but reparatory indemnities against Germany. Further it must be pointed out that most of the Great Powers—America, Britain, France and Japan—are now only interested in the Boxer Indemnity to the extent of seeing that their respective shares are applied to various purposes in the interests of China itself.

12.—A brief reference in conclusion must be made to the series of domestic loans mostly floated by the Peking authorities for purposes of either war against the South or corruption and bribery in connexion with sundry Presidential elections at Peking. In 1921, these loans were consolidated by the Peking Government and charged on the Customs and Salt Surplus and the Wine and Tobacco Revenues, the Inspector-General of Customs being placed in charge of the service thereof. The Diplomatic Body, in their reply of December 11th, deals rather summarily with these loans thus: “ . . . the Corps Diplomatique are in no way concerned with the service of these loans which was instituted without their having been consulted.”

CANTON, 19th December 1923.

**Translation of a Telegram to the Inspector General of Customs, Peking,
on action of Diplomatic Body in protesting against ear-marking
of Customs Surplus for service of Domestic Loans.**

SHANGHAI BANKERS' ASSOCIATION,
SHANGHAI, *23rd October 1923.*

We are surprised to learn from newspaper reports that the Consortium Ministers at Peking have addressed a Memorandum to the Wai-chiao Pu protesting against the ear-marking of the entire Customs Surplus for China's Internal Loans on the ground that this would preclude the use of same as security for any other general debt, and requesting an immediate declaration on the intention of the Chinese Government in respect of the future employment of the Surplus Customs Revenue towards the payment of foreign debts and obligations. It is well known throughout the whole country that the Customs Surplus has been reserved for the service of domestic loans. When the Diplomatic Corps broached this matter last December, Chambers of Commerce and Bankers' Associations in this and other cities seized the opportunity to telegraph to the Central Government advising it to devise prompt measures for the solution of the problem of unsecured foreign and domestic loans. Now that the Commission for the Readjustment of Finance has been organised, it should certainly devise means to settle all unsecured foreign debts. We wonder that the Diplomatic Corps should be so impatient as to protest.

This news has been received with great alarm by the general public. The bonds of domestic loans of the Chinese Government are distributed throughout the whole country. Their standing closely concerns the position of the principal financial markets, and affects also to a large extent the standard of living of many individuals. Should the security be in any way endangered, both the stability of the financial markets and the peace of society will be seriously disturbed. Moreover, large numbers of these bonds are held by foreigners. If they were to become worthless, would foreign bondholders remain silent? We view this matter with great concern and have telegraphed to Dr. Yen of the Commission for the Readjustment of Finance requesting him to ask the Ministries of Finance and of Foreign Affairs to devise means promptly for the solution of the problem of unsecured foreign loans, and at the same time to arrange for the holding of a meeting to discuss the increase of Customs duties as provided for at the Washington Conference so that additional revenue may be available

for the security of unsecured foreign loans. We could never allow the security of domestic loans to be violated, as such violation would only create additional trouble while the other problem is still unsolved. You are responsible for the security of Chinese Domestic Loans. It is in you that the public places confidence as regards domestic loan bonds. We hope that you will not fail the public confidence, so that holders of domestic bonds may not incur any loss.

It is plainly provided in the regulations of the various domestic loan issues that the Customs Surplus is specially reserved as their security. Therefore domestic loans have a preferential claim on the surplus over all other loans of the Chinese Government. When we examine the agreements of those foreign loans, mentioned by the Diplomatic Corps, we find that they are all secured on something else. If their securities have become worthless at present, it is the fault of the Central Government. There can be no reason why we holders of domestic bonds should suffer loss on their account. We refuse to acknowledge the claim of the Diplomatic Corps that foreign loans have preference over internal loans in the question of security, and we beg you to consider this matter seriously.

THE CHINESE BANKERS' ASSOCIATION.

THE NATIVE BANKS' ASSOCIATION.

*Seal of Shanghai Bankers'
Association.*

上海銀行公會快郵代電

北京總稅務司鑒報載四國公使照會外部以全部關餘統歸內債擔保指爲阻撓他項債務質問將來關餘用途是否有趨於外債擔保之意向聞之深爲駭怪查關餘爲內債基金案經早定全國皆知上年十二月使團提議及此曾經本埠及他埠各商會銀行公會電請政府對於無擔保之內外債速籌整理方法在案現在財政整理會成立所有無擔保之外債必有解決方法何以使團迫不及待提議及此惡信傳來人心洶懼內國債票散在全國大而關係全市金融小而關係個人生計基金倘有搖動不但擾亂市面抑且社會安寧亦將受破壞之影響况現時債票市場流通無慮數千萬散在外人手中者亦不在少數債票設成廢紙彼時受損失之外商豈能默爾而息茲事重大敝會已電致財政整理會顏會長請其轉達外財當局速將無擔保之外債切籌整理方法一面迅速籌開增加二五附加關稅會議使外債基金有著萬不能任意攘奪牽動內債已定之基金以致一波未平一波又起貴總稅務司對於公債負保管基金之責一般人民以信貴總稅務司者信內國公債票對於整理公債原案務請堅持到底勿稍徇畏致使中外執票人有所損失至爲盼禱又關餘擔保內國公債載在歷次公債條例可以覆按是以關餘一項惟內債有擔保之優先權使團所云外債考其合同皆有擔保今之不能實行合同以致擔保落空者咎在政府之失信我內債持票人不能無故受損使團所稱外債有超越內債之優先權此本會等絕對所不能承認者並請貴總稅務司嚴重注意爲禱上海銀行公會上海錢業公會謹

**Inspector General's Memorandum on Trusteeship of
Revenue Surplus.**

The Inspector General has received instructions from the Canton local government in future to hold to the order of that government a certain portion of the balance of Maritime Customs revenue remaining after payment of all foreign loan and indemnity obligations, and, in addition, to pay to the Canton local government a large sum representing arrears since 1920.

These instructions invite the Inspector General to dispose of State funds entrusted to him solely for the purpose of paying interest and amortization of State loans in a manner which would constitute a flagrant breach of trust. So long as the service of the Consolidated Loans remains in his hands, it is manifestly the duty of the Inspector General to refuse to admit any claim to these funds no matter by whom it may be preferred. They belong in virtue of the Trust created and accepted to the bondholders, the vast majority of whom are Chinese people of all classes and all provinces.

If the bondholders are dissatisfied with the Inspector General's administration of these funds, he is at any time quite ready to render his accounts and to relinquish his trust, but, until he does so, he will continue to hold all revenue funds in his control which have been allocated for foreign and domestic loan service strictly to account of that loan service in due order of priority.

(signed) F. A. AGLEN,
Inspector General of Customs.

PEKING, *January* 1924.

**Customs Revenue Surplus: claim of General Chiang Chieh-shih
for Share of: I.G.'s Remarks.**

No. 2759 Commrs.
Swatow. No. 106298

30th *January* 1926.

SIR,

I have received and read your despatch No. 6192:
in which you report and comment on a request put forward
by the local military authorities for what they are pleased
to call Swatow's share of the Customs Surplus for 1925:
and, in reply, I have to state that I am surprised to find you have
so little appreciation of principles and facts in connection with the

collection and disposal of the Maritime Customs Revenue, that you appear to advocate a course of action which, if it were practicable, would destroy the last vestige of credit that China as a State enjoys. Excluding the cost of collection and certain port grants, sanctioned by mutual agreement between the Powers who are China's creditors and the Chinese Government for special purposes, of which the object to be attained is intimately associated with the development of trade and therefore of Revenue, all Maritime Customs revenue is devoted to maintaining the burden of China's national debt so far as it will go. The attempt that has been made by certain provinces to draw a distinction between foreign and domestic obligations and to consider all revenue not required for the former as being surplus revenue at the disposal of the provinces is based on an entire misconception of China's financial situation. Since the Revolution the share which the provinces formerly took in supporting the burden of State obligations has been repudiated and the entire burden has fallen upon the Central Government. The only certain source of revenue which the Central Government has at its disposal is the Maritime Customs collection, and, consequently, the tendency has been to place, so far as funds permit, the whole burden of the state debt upon Customs shoulders. There is no surplus and there cannot be any surplus, seeing that the obligations are vastly in excess of the total revenue collected. It is entirely wrong to assume that the only debt which should be taken care of by the Customs is that portion represented by foreign obligations. Domestic loans which are now being served from a Sinking Fund provided by the Revenue are not provincial loans but State loans, many of them dating back to a time when the country was in name at least a united State. It is true that in recent years some loans have been contracted on the security of the Customs revenue by a Central Government to which other portions of China own no allegiance, but such loans have been invariably secured upon lapsed Indemnities. Previous to 1912 the Indemnity burden was a charge upon provincial Exchequers, but after the Revolution the system of allocation which previously had been in force broke down and the Indemnity became a charge with other State debts on the revenue. The provinces have no reason to object to the Central Government raising loans on the security of the Indemnity, seeing that they themselves no longer contribute any funds for the service of the Indemnity. China in recent years has contracted a vast debt, which is unsecured, amounting to a thousand million dollars at least and her credit as a State has been irreparably injured. Such credit as still exists is maintained solely by the loan services under the Inspector General's administration, and it is a fact which can be proved up to the hilt

by the accounts rendered by the Inspector General that not one cent of revenue has ever been diverted to any other purpose than maintaining the service of China's national obligations. Many and persistent demands have been made from time to time by various military authorities throughout China for a share of the Customs revenue, but no matter how pressing the need for funds has been or how powerful the military authority, when the facts have been properly explained and when it has been realised that the Customs revenue is serving a national, and not a party, purpose, there has been no attempt hitherto to obtain by forcible measures any portion of these revenues. It is obvious that a demand made by a provincial authority, such as that which has now been put forward and which you appear to support, if acceded to would make it impossible to maintain the loan services either foreign or domestic, and a situation would be created which would seriously endanger the very existence of the collecting administration.

You will do well to study carefully the Inspectorate publication, copy of which must by now have reached you, concerning the collection and disposal of the Maritime and Native Customs Revenue since the Revolution of 1911.

You will further do well to maintain your revenue balances at the lowest possible figure compatible with the due functioning of your establishment. I do not anticipate that the Swatow Authorities will take forcible measures to interfere with your control, but in any case the revenue is in your hands and it cannot be parted with to anyone without my authority.

I am, etc.,

F. A. AGLLEN,

Inspector General.

R. F. C. HEDGELAND, Esquire,
Commissioner of Customs,
SWATOW.

Unsecured Debt: \$5,000,000 to be Appropriated for Service of.

Government instructions to Mr. (afterwards Sir Frederick) Maze concerning the appropriation, as from 1st February 1929, of \$5,000,000 a year from the Customs Revenue for the consolidation of unsecured foreign and domestic obligations.

財政部關務署訓令第一六三號

令總稅務司梅樂和

爲令遵事案照本年一月四日奉

國民政府公布第十四次國務會議議決每年由關稅新收項下提出伍百萬元作爲整理內外債

之用通過照准等因合亟錄案令仰該總稅務司遵照卽自本年二月一日始於增收關稅項下按

月提出若干萬元以每年提足伍百萬元爲額專款收儲中央銀行聽候撥用是所至要此令

中華民國十八年一月二十四日

Consolidation of Domestic Loans, 1932.

National Government Mandate of the 24th February 1932 instructing the Inspector General to appropriate \$8,600,000 a month from Customs Revenue for the service of Internal Loans.

財政部訓令滬字第六號 中華民國二十一年二月二十七日

令總稅務司梅樂和

爲訓令事案奉

國民政府本年二月二十四日命令內開自遼變發生以來各種債券價格因之暴跌國家財政社會經濟多受其困政府丁艱屯之會對於還本付息從未愆期迨上海事變繼起債市驟失流通金融亦陷停滯政府與民衆本是一體休戚相關安危與共際茲國難當前財政奇絀與其使債市飄搖無寧略減利息稍延償還日期俾社會之金融得免枯竭禦侮之財力藉可稍紓迭飭財政部與各團體從長討論就原頒之條例重擬適當標準並經決定每月由海關稅劃出八百六十萬元作爲支配各項債務基金其利息長年六釐還本期限按照財政部擬定程表辦理仰由行政院飭部轉令撥發基金之徵收官吏及總稅務司每月按期將各項債券本息如數撥付至本息還清之日爲止不得稍有延誤此乃政府與民衆維持債信調劑金融之最後決定一經令行永爲定案以後無論財政如何困難不得將前項基金稍有搖動並不得再有變更以示大信等因奉此合行令仰該總稅務司遵照辦理此令

Proclamation of Ministry of Finance notifying the public that the Inspector General has been instructed to appropriate \$8,600,000 a month from Customs Revenue for the service of Internal Loans.

財政部布告

爲布告事案奉 國民政府本年二月二十四日令開自遼變發生以來各種債券價格因之暴跌國家財政社會經濟多受其困政府丁艱屯之會對於還本付息從未愆期迨上海事變繼起債市驟失流通金融亦陷停滯滯政府與民衆本是一體休戚相關安危與共際茲國難當前財政奇絀與其使債市飄搖無寧略減利息稍延償還日期俾社會之金融得免枯竭禦侮之財力藉可稍紓迭飭財政部與各團體從長討論就原頒之條例重擬適當標準並經決定每月由海關稅劃出八百六十萬元作爲支配各項債務基金其利息長年六釐還本期限按照財政部擬定程表辦理仰由行政院飭部轉令撥發基金之徵收官吏及總稅務司每月按期將各項債券本息如數撥付至本息還清之日爲止不得稍有延誤此乃政府與民衆維持債信調劑金融之最後決定一經令行永爲定案以後無論財政如何困難不得將前項基金稍有搖動並不得再有變更以示大信此令等因奉此除將基金飭由總稅務司按照新定之數逕撥國債基金管理委員會暨本部擬定程表另案公布外所有本月份各項債券應付本息辦法其庫券一項原定還本壹百元者以四成爲標準並付給所餘本金之息按月以五釐計算即憑各庫券二月份本息票按照新定應付本息之數照付之一面將票收下所短之本金歸入統案計算補給新本息票公債一項除十七年金融長期外統按週息六釐付息其還本標準除十七年金融長期外均與庫券同其換票手續應另行規定辦理特此布告

財政部長宋子文

Instructions from the Ministry of Finance to the Inspector General to pay from Customs Revenue surplus from February 1932 to the Sinking Fund Commission \$8,600,000 a month for the service of Internal Loans.

財政部訓令

令總稅務司署

爲令遵事查內債基金現經規定每月撥銀八百六十萬元業經令行該總稅務司署遵照在案此項

基金卽在關稅項下除撥付外債及賠款外所餘之稅款及退還賠款之原抵押部分支付於本年二

月起每月如數撥交基金保管委員會備付到期本息之用至還本付息償清之日爲止不得稍有延

誤除債券還本付息表另案飭遵外此令

總稅務司公告

The Inspector General's Notification to the public that he has received instructions from the Ministry of Finance to appropriate monthly from Customs Revenue surplus \$8,600,000 for the service of Internal Loans, which instructions will be given effect to.

案奉財政部令開爲令遵事查內債基金現經規定每月撥銀八百六十萬元業經令行該總稅務

司署遵照在案此項基金卽在關稅項下除撥付外債及賠款外所餘之稅款及退還賠款之原抵

押部分支付於本年二月起每月如數撥交基金保管委員會備付到期本息之用至還本付息償

清之日爲止不得稍有延誤除債券還本付息表另案飭遵外此令等因奉此自當敬謹遵守每月

如數撥付至本息還清之日爲止不稍延誤以副政府維持債信之至意特此公告

Revenue Treasury Note Issue of 22nd Year.

Instructions issued by the Ministry of Finance regarding the service of the Twenty-second Year (1933) Customs Revenue Treasury Note Issue.

財政部訓令公字第一〇二九三號

令總稅務司

業由 案照政府爲週轉國庫起見發行民國二十二年關稅庫券壹萬萬元所有條例暨還本付息表

行政院會議並送經

中央政治會議先後決議通過轉由

國民政府令行在案原條例第三條內載本庫券定於民國二十二年十月一日發行又第六條載本庫券應付本息基金指定由關稅增加收入項下指撥由財政部命令總稅務司於每月二十五日按照還本付息表所列數目撥存中央銀行交由國債基金管理委員會一併保管備付各等語除分函中央銀行及國債基金管理委員會查照辦理外合行抄發前項庫券條例暨還本付息表令仰該總稅務司查照表列還本付息數目自本年十月份起於每月二十五日在關稅增加收入項下如數撥存中央銀行交由國債基金管理委員會保管備付並隨時具報查核爲要此令

計抄發民國二十二年關稅庫券條例暨還本付息表各一份

中華民國二十二年十月二十三日

部長宋子文

Revenue Treasury Note Issue of 23rd Year.

Instructions issued by the Ministry of Finance to Sir Frederick Maze regarding the service of the Twenty-third Year (1934) Customs Revenue Treasury Note Issue.

財政部訓令公字第二一二六號

令總稅務司梅樂和

案照政府爲償還銀行積欠安定金融起見發行民國二十三年關稅庫券一萬萬元所有庫券條例還本付息表業奉

國民政府明令公布原條例第二條載本庫券定於二十三年一月發行第四條載本庫券每月還本付息一次於每月末日行之第七條載本庫券應付本息基金由財政部指定在關稅收入項下照撥特命令總稅務司依照還本付息表所載應還本息數目按期撥存中央銀行列收國債基金管理委員會戶帳備付到期本息各等語除分函中央銀行及國債基金管理委員會查照辦理外合行抄發原條例暨還本付息表令仰該總稅務司查照表列逐月還本付息數目自本年一月份起於每月二十五日在關稅收入項下如數撥存中央銀行收入國債基金管理委員會戶帳備付到期本息隨時具報查核一面將遵辦情形先行具復爲要

此令

計抄發民國二十三年關稅庫券條例暨還本付息表各一份

中華民國二十三年一月十八日

部長孔祥熙

**Establishment of Preventive Department in 1930, on the Advice of
Mr. (afterwards Sir Frederick) Maze.**

When China recovered tariff autonomy in 1929, it became apparent that the introduction of a higher tariff would encourage smuggling and endanger the revenue, and to meet changed conditions and protect the revenue, Mr. Maze approached the Government and recommended that a Preventive Department on modern lines should be inaugurated forthwith in order to endeavour to provide effectively for the new situation. A memorandum on the subject was submitted by him to the Government, who accepted his advice.* The establishment of the new department† marked a further development of the activities of the Maritime Customs Service; and in pursuance of the plan proposed by Mr. Maze a small fleet of preventive vessels was constructed, and its subsequent operations along the coast checked smuggling to a large extent and prevented undue loss of revenue. The outbreak of hostilities in 1937 interrupted preventive work for the time being, and the majority of the preventive fleet was immobilised.

The following extracts from the Annual Reports on the Trade of China for the years 1931 to 1936 indicate the progressive development of the new organisation and illustrate its growing efficiency.

**EXTRACTS FROM REPORTS ON THE TRADE OF CHINA SHOWING
THE DEVELOPMENT OF THE NEW ORGANISATION.**

1931.

It is not surprising to find, with the introduction of the higher tariffs that have been the natural outcome of the recovery of tariff autonomy by the Government, that smuggling has now become one of the most common offences against the State and its prevention one of the most serious fiscal questions of the day. The inauguration by the Customs, therefore, of a special Preventive Secretariat during the course of the year should not pass unrecorded. The anti-smuggling and anti-fraud measures put into force have been numerous and perhaps slightly embarrassing at first to shipping merchants and others, as most new measures are; but a little consideration will show that greater strictness in the control of cargoes has now become a necessity and that all steps taken against smuggling

* S/O Cir. No. 61, p. 245, vol. iv.

† I.G. Cir. No. 4172.

must be of benefit in the end to legitimate trade and to legitimate traders. A few of such of these measures as have been published may be listed in outline here: the new regulations prohibiting steam and motor vessels of less than 100 register tons from trading directly between China and abroad; the new regulations governing the entry of vessels and presentation of manifests; the new regulations for the control of sea-going junks; the levying of tonnage dues on deck cargoes; the abolition of the drawback system on foreign imports; the granting of increased bonding facilities; the new regulations for the control of Customs brokers; and the decision by the Government to claim a 12-marine-mile limit as territorial sea for preventive purposes.

1932.

In the last report the inauguration of a special Customs Preventive Secretariat was recorded, together with a list of the anti-smuggling and anti-fraud measures introduced during 1931. During 1932 two additional preventive steamers, each 148 feet in length, have been commissioned. Arrangements have also been completed for the construction of three 170-foot steamers and 14 126-foot launches: two of the former and all of the latter are due for completion during 1933, while the third steamer should be ready early in 1934. China's preventive fleet will then consist of eight steamers and 21 launches, besides various coastal motor-boats and near-shore patrol craft of 50-foot length and under. The creation of a Customs Wireless Service for the purpose of expediting the transmission of information and co-ordinating preventive activities has been authorised by the Government, and at the outset it is intended to erect main stations at Chefoo, Shanghai, Amoy, and Shumchun, with subsidiary stations at Swatow and Hoihow. Trained Customs guards are being introduced gradually at the ports and on the land frontiers. The introduction of junk regulations entailing the registration and branding of all junks engaged in foreign and domestic trade is gradually effecting a satisfactory control over the vast trade carried on by these craft. Thus it may be seen that the preventive side of Customs activities, which has become a matter of considerable importance since the enforcement of high tariff rates, is not being neglected. Much remains to be done, but the building up of an efficient Preventive Service for such a vast country as China is of necessity a matter of time. Hitherto the lack of suitable craft and equipment has retarded progress, but it may be predicted with confidence that the next few years will witness a development of this Service which will go far towards ensuring the fulfilment of duty requirements and the suppression of wholesale smuggling.

1933.

As regards preventive work, the programme of ship construction referred to in the previous report was proceeded with apace during the year under review, but only eight vessels were launched, and none of the new main sea-going units, consisting of three 170-foot, four 143-foot, four 138-foot, three 137½-foot, and two 136-foot vessels (which represents a modification of the original programme), actually came into commission before the close of the year. Since the successful development of China's Preventive Service depends primarily on the provision of sufficient craft suitable for a systematised patrolling of her extensive coast-line, any very noticeable improvement in the smuggling situation must await the addition of more of these ships to the active list of the present small fleet. Nevertheless, some progress has been made, 27 power vessels, 485 junks, and 122 "snake-boats" (oar-propelled, shallow-draught craft used for smuggling in the Macao district) being seized and confiscated during the year, while the proceeds realised from fines inflicted and by sale of goods confiscated increased to nearly 6.4 million dollars, as against 3.7 million dollars in 1932 and 2.7 million dollars in 1931. If these figures indicate the widespread nature of present-day smuggling operations, they also to some extent demonstrate the growing effectiveness of preventive counter-efforts even with the restricted number of craft so far available for this work. On the land frontiers of Kwangchowwan and Kowloon defences were strengthened and additions to staff were made, resulting in an improved control, which, particularly in the case of Kowloon, caused a considerable diminution in smuggling. Preventive patrols were inaugurated on the Burmese frontier, and, at the end of the year, the matter of the Northern China land routes came under investigation. The more adequate preventive fleet now being provided should soon cause a considerable reduction in smuggling activities. When this has been effected, the advantage accruing to the revenue may have its counterpart in decreased penalty figures.

1934.

The natural reaction to the imposition of the greatly increased import duty rates introduced by the Government at frequent intervals since the restoration to China of tariff autonomy was an immediately observable increase in smuggling on both the sea and the land frontiers of this large continent. The growth in clandestine trade was most noticeable at first in South China, with Hongkong, Macao, and Kwangchowwan as principal smuggling bases; but the whole coast-line of the country soon became involved in the same illicit

pursuits. The Chinese littoral opposite Formosa was found to be infested with motor craft engaged in the profitable business of "running" cargoes of highly taxable commodities from Formosan ports to the scores of small towns and villages scattered along the island-studded coast of Fukien; and the much-indented northern coast opposite the Kwantung Leased Territory rapidly became an equally favourable area for the conduct of such illegal activities, particularly after the Chinese Maritime Customs lost control of the movement of vessels and cargoes at Dairen (in the Leased Territory) and the other Manchurian ports.

The building-up of an organisation adequate to the countering of intensive smuggling operations on such extensive frontiers has been a work of some magnitude, but a stage has been reached where it may be said that a good part of this organising work has been accomplished, as a great many of the first objectives aimed at by the Preventive Secretariat had been arrived at by the end of the year under review.

Some of the measures taken by this special Customs department since it was instituted to deal with the smuggling problem four years ago are as follows: a strong preventive force has been recruited and trained for duty on sea and land; the coast has been divided into patrol sections, and stations and barriers have been established at strategic points along the coast-line; regulations have been drawn up and approved by the Government—all with a preventive bearing—for the direction of preventive officers when on duty, for the control of sea-going junks, for the rendering of ships' manifests, for the control of Customs brokers, for the control of towed traffic between Hongkong and Canton, for the bonding of general merchandise, and for the control of bunker coal and stores for ships' use; the drawback system, which had been abused, has been abolished; and all trading between China and foreign countries by steam and motor vessels of less than 100 tons has been prohibited.

The year under comment was marked by the completion of the shipbuilding programme referred to in previous reports; by the promulgation of the Preventive Law on the 19th June; by the bringing under control, in co-operation with the Postal authorities, of a former channel for the distribution of smuggled goods through post offices situated near the frontiers of the country; by a further revision of the existing junk regulations and manifest regulations respectively; by the opening of five new stations and three barriers on the coast and five stations and one barrier on the land frontier at various points along the Great Wall of China; by the institution of a so-called "control station system" for junks, whereby such

craft trading with foreign countries are compelled to report on the coast at specific points of arrival and departure; and by strengthening of the land forces and of certain of the land defences.

The preventive fleet now consists of 26 main sea-going units, besides the many smaller craft operating in various localities. As the shipbuilding programme was only completed during the year, not by any means the whole fleet was in commission throughout the whole of the period under review. Nevertheless, a great improvement in the smuggling situation was in evidence, and confirmation of this has been received in the form of several communications on the subject from legitimate trading circles. The total proceeds of the year's fines and confiscations amounted to \$7.9 million, as against \$6.4 million in 1933, \$3.7 million in 1932, and \$2.7 million in 1931. Confiscated artificial silk floss and yarn, together with white sugar, contributed 62 per cent of the total proceeds in question, 727,218 kilogrammes and 62,515 quintals of these commodities being seized as compared with 202,534 kilogrammes and 45,130 quintals respectively during the preceding year. The following are the particulars of the vessels confiscated for smuggling during 1934: 87 power craft, 752 junks, and 43 "snake-boats," as against 27 power craft, 485 junks, and 122 "snake-boats" in 1933. Smuggling by the last-named type of boat has been almost completely suppressed in the Macao district, hence the decline in seizures under this heading. The amount of duty paid to revenue account on goods seized and confiscated during the year amounted to 3.1 million dollars, while the indirect benefit to the revenue, on account of the deterrent effect of the successful anti-smuggling measures adopted by the Customs, must have equalled many times that sum.

These achievements directly or indirectly cost the lives of six of the Chinese and one of the foreign personnel of the Customs Preventive Service during the period under review.

1935.

It may be said that by the end of 1934 the Customs Preventive Service, inaugurated in 1931, had emerged from the embryonic stage of development and had reached a standard of organisation comparable to similar services in other countries. It was hoped, therefore, that during the year under review the improvement in the smuggling situation evidenced towards the latter part of 1934 would continue. Unfortunately, certain factors in the political situation in North China militated against effective Customs preventive work, with the result that goods, chiefly artificial silk yarn, sugar, and cigarette paper, were smuggled into the country in unprecedented

quantities both by land and sea through that portion of the province of Hopeh which is known as a "demilitarised zone." This smuggling became gradually worse as the year proceeded, and the following brief outline of the situation will serve to show how Customs interests were submerged in the tide of political affairs. On land smugglers took advantage of the fact that the restrictions placed upon Chinese armed forces in the above-mentioned "zone" prohibited Customs officers functioning therein from carrying fire-arms, and they consequently carried on their activities under armed escorts who were for the most part Koreans. A situation thus arose where unarmed Customs officers attempted to enforce the laws on armed smugglers, and, although the former made every effort to exercise their authority, they were constantly exposed to the threat of violence and on many occasions became the victims of organised attacks in the course of which they suffered serious personal injuries, and from which they had no form of redress. The situation was aggravated in September by the virtual cessation of Customs preventive activities at sea opposite the stretch of coast between Lutai (蘆台) and Chinwangtao. This was brought about because of a demand that Customs armed vessels should cease to operate within 3 miles of the coast included in the "zone," and smuggling by sea from Dairen became uncontrollable in the districts concerned.

A more optimistic note, however, may be sounded in regard to the results of preventive work in other parts of the country. While it is true that organised smuggling is still being carried out extensively, there are numerous signs that the Customs Preventive Service now commands a greater degree of respect from smugglers. The true criterion of the effectiveness of preventive work lies not so much in the volume of seizures made as in the quantity of goods that are driven to follow legal channels, and it is therefore significant to note that sugar and artificial silk yarn, goods especially favoured by smugglers, figure among the returns of certain ports in larger quantities than for several years past. It may also be noted that the number of junks registered with the Customs at ports in Fukien for trade with Formosa increased.

1936.

In the report for 1935 reference was made to the licence afforded smugglers and the impetus given to smuggling in the eastern part of Hopeh, owing to the Customs having been compelled to comply with demands from the Japanese military authorities that Customs officers functioning within the "demilitarised zone" should not be permitted to carry fire-arms and that Customs armed vessels should

cease to operate within 3 miles of the coast included in the "zone." These unprecedented restrictions on normal preventive activities having continued throughout the year under review, it is not surprising that the smuggling situation in that area has shown no signs of improvement. Nanlichuang, some 2 miles from Chinwangtao, and other places on the coast not open to foreign trade but near to the railway stations of Nantasze, Peitaiho, Liushowying, and Changli became veritable hives of smuggling activities, vessels of all kinds, mostly from Dairen, arriving daily and discharging their illicit cargoes under the guard of numerous Koreans armed with iron bars, sticks, stones, etc., and ready to attack any Customs officers who appeared in the vicinity. The position was aggravated during the early part of the year by the action of the so-called "autonomous regime in Eastern Hopeh"—which claims jurisdiction over the whole so-called demilitarised zone—in enforcing their own taxation on the illicit goods landed at rates representing only a small percentage of those of the National Tariff, thus creating a false impression that the importations were regular, an argument which those concerned were not slow to use in defence of their illegal activities. During the earlier stages smuggling was confined to articles paying high duty rates, such as artificial silk yarn and sugar, but with the accumulation of stocks of these commodities attention was turned to other varieties until finally every conceivable kind of sundry, irrespective of the duty rates, was finding its way to Tientsin through the open door created in East Hopeh; moreover, arms and ammunition in comparatively small lots were not excluded from the list. The volume of illicit goods arriving at Tientsin from the east attained its peak towards the middle of the year, when it is estimated that some \$2,000,000 per week were escaping the duty account. In May there was inaugurated a Customs Chief Inspection Bureau for the Prevention of Smuggling by Rail, and while the situation in the North did not permit of the Customs functioning effectively on the Peiping-Liaoning Railway and thus checking the transport of illicit goods from East Hopeh to the neighbourhoods of Tientsin and Peiping, the establishment of some 17 Customs inspection posts on the Tientsin-Pukow, Peiping-Hankow, Nanking-Shanghai, and Shanghai-Hangchow lines had the almost immediate effect of stopping all shipments of smuggled goods by rail freight southwards from Tientsin. Certain quantities of sugar, artificial silk yarn, and cigarette paper were, however, transported to Tsinanfu as passengers' baggage by Korean *ronin*, who not only ejected members of the travelling public from passenger coaches in order to provide the necessary space for their goods but also caused considerable damage to the coaches themselves when loading at Tientsin and discharging

at Tsinanfu. Attempts by Customs officers to interfere with these desperadoes resulted in a series of incidents in which many of the former suffered severe injuries, and it was not until late in July, when overwhelming forces of armed Chinese military and railway police boarded one of the trains at the Tientsin Central Station and ejected the Koreans by force and seized their goods, that the transport of illicit cargo as passengers' baggage finally ceased. With the closing of railway channels for the distribution of smuggled goods southwards and the consequent accumulation of stocks in Tientsin, the volume of smuggling in East Hopeh diminished, and for a brief spell the situation showed marked signs of improvement. Towards the end of August, however, further attempts were made to break through the cordon created by the various preventive measures instituted, this time by road. Motor-trucks loaded with sugar, artificial silk yarn, etc., and escorted by Japanese and numerous Koreans armed with revolvers and less dangerous weapons, began to make their way from Tientsin southwards towards Shantung. Customs land barriers at points outside Tientsin were thereupon established with a view to check this new menace, but in the face of armed threats these barriers, lacking the necessary force and adequate protection, were unable to function effectively, with the result that smugglers availed themselves of this means of transportation more and more, and illicit goods continued to reach Shantung in increasing quantities.

Approximate statistics of illicit goods arriving at Tientsin by rail from East Hopeh during the year are as follows:—

Artificial silk yarn: 3,994,200 kilogrammes.

Sugar: 897,070 quintals.

Cigarette paper: 378,600 kilogrammes.

Kerosene oil: 2,166,600 gallons.

Piece goods: 78,400 cases (particulars of contents unknown).

Sundries: 220,800 cases (contents unknown).

The estimated duty evaded on the artificial silk yarn, sugar, cigarette paper, and kerosene oil is in the neighbourhood of \$30,500,000, and, although particulars of the other goods are unknown and the duty is therefore difficult to calculate, a figure of \$20,000,000 is conservative, so that the total duty evaded during the year on goods brought in illicitly through East Hopeh under conditions of *force majeure* reached the staggering figure of over \$50,000,000. It is true, of course, that, had the Customs Preventive Service been permitted to execute their normal functions and the vast majority of goods been compelled to follow legitimate channels paying National Tariff duty rates, the demand for such goods would

not have reached the proportions indicated by the above figures, and it does not follow, therefore, that normally the total amount of duty evaded on the illicit cargo brought in would have accrued to the national revenue. Be that as it may, the losses sustained were sufficiently serious to call forth a public statement from Sir Frederick Maze, the Inspector General of Customs, during the middle part of the year, to the effect that the orgy of organised smuggling in North China must necessarily affect the indemnity and loan services secured on the Customs, and, as Shanghai and the Northern Ports are responsible for 88 per cent of the total Customs revenue, the question was no longer a purely domestic one but an international issue. Representations were made in Tokyo by both the British and the American Ambassadors, and General Chang Ch'ün, Minister of Foreign Affairs, filed several protests with the Japanese Government against Japanese interference with the preventive powers of the Customs in Hopeh and connivance at the smuggling activities of their nationals enjoying extraterritorial protection. Other than a decrease in the volume of goods entering the smuggling area, brought about by the palliative measures instituted by the Customs to check distribution and by an accumulation of stocks, however, the general smuggling situation in the North remained unchanged at the close of the year.

The following figures taken from actual Customs Returns illustrate the decline in the importation at Northern Ports of cotton piece goods, artificial silk floss and yarn, sugar, and kerosene, the principal articles favoured by smugglers:—

IMPORTS INTO NORTHERN PORTS (TIENTSIN, TSINGTAO,
CHINWANGTAO, LUNGKOW, CHEFOO, AND WEIHAIWEI) DURING
THE PERIOD JANUARY–DECEMBER 1935 AND 1936.

	Returns Nos. 1–8 :	
	Cotton Piece Goods, Grey.	
	Jan.–Dec. 1935.	Jan.–Dec. 1936.
	Value G. U.	Value G. U.
Provenance:		
Antung	6	..
Manchuria, <i>via</i> Great Wall Stations	3	93
Japan	212,004	80,804
U.S. of America	279	267
Great Britain	9,786	1,211
Kwantung Leased Territory	280	266
Belgium	64	..
Canada	557	..
Germany . . . . .	..	30
Korea . . . . .	..	4
Netherlands . . . . .	..	82
	<u>222,979</u>	<u>82,757</u>

Returns Nos. 9-32 : Cotton Piece Goods, White or Dyed.		Jan.-Dec. 1935.	Jan.-Dec. 1936.
Provenance:		Value G.U.	Value G.U.
Antung		4	13
Newchwang		1	..
Manchuria, <i>via</i> Great Wall Stations		40	643
Harbin		3	..
Japan	2,676,561	477,180	..
Hongkong	361	43	..
U.S. of America	3,886	3,729	..
Great Britain	125,823	60,801	..
Germany	5,674	26,209	..
France	1,381	580	..
British India	1,317	..	..
U.S.S.R., Asiatic Routes	2	..	..
U.S.S.R., Black Sea Ports	7	..	..
Korea	1	1	..
Kwantung Leased Territory	4,253	443	..
Netherlands	78,916	..	..
Belgium	1,563	..	..
Canada	282	..	..
Switzerland . . . . .	..	447	..
Other Countries . . . . .	..	5	..
	<u>2,900,075</u>	<u>570,094</u>	

Returns Nos. 33-38 : Cotton Piece Goods, Printed.			
Provenance:			
Antung	2	..	..
Manchuria, <i>via</i> Great Wall Stations	53	454	..
Harbin	2	..	..
Japan	1,663,915	38,992	..
U.S. of America	1,345	1,637	..
Great Britain	6,041	3,448	..
Germany	197	9	..
U.S.S.R., Asiatic Routes	283	..	..
U.S.S.R., Black Sea Ports	2	..	..
Korea	13	..	..
Kwantung Leased Territory	2,090	139	..
Hongkong . . . . .	..	17	..
France . . . . .	..	148	..
Other Countries . . . . .	..	2	..
	<u>1,673,943</u>	<u>44,846</u>	

Returns Nos. 39-44 : Cotton Piece Goods, Miscellaneous.			
Provenance:			
Antung	58	140	..
Manchuria, <i>via</i> Great Wall Stations	70	4	..
Japan	786,903	172,915	..
U.S. of America	5,904	1,923	..
Great Britain	3,303	2,286	..
U.S.S.R., Black Sea Ports	2	..	..
Korea	6	59	..
Kwantung Leased Territory	1,357	210	..
Netherlands	208	244	..
Belgium	269	802	..
Czechoslovakia	69	..	..
Harbin . . . . .	..	4	..
Hongkong . . . . .	..	28	..
Germany . . . . .	..	344	..
France . . . . .	..	89	..
Norway . . . . .	..	4	..
	<u>798,149</u>	<u>179,052</u>	

Returns No. 92 : Artificial Silk Floss and Yarn.	Jan.-Dec. 1935.		Jan.-Dec. 1936.	
	Kilograms.	Value G.U.	Kilograms.	Value G.U.
Provenance:				
Japan	812,301	783,620	183,476	124,691
U.S. of America	93	107	1	1
Germany	91	156	..	..
Kwantung Leased Territory	450	270	48	29
Netherlands	1,134	1,000	..	..
Italy	46,773	44,580	..	..
Manchuria, <i>via</i> Great Wall Stations . . . . .	..	..	945	1,155
Great Britain . . . . .	..	..	18	10
	<u>860,842</u>	<u>829,733</u>	<u>184,488</u>	<u>125,886</u>

Returns Nos. 264-267a : Sugar (Sucrose).	Jan.-Dec. 1935.		Jan.-Dec. 1936.	
	Quintals.	Value G.U.	Quintals.	Value G.U.
Provenance:				
Manchuria, <i>via</i> Great Wall Stations	5	35	6	69
Japan	414,835	2,102,334	34,289	181,720
Hongkong	42,334	248,841	13,661	74,595
U.S. of America	9	129	..	..
Great Britain	393	2,431	166	817
Germany . . . . .	..	7	..	14
British India	107	524	325	1,773
Netherlands India	86,740	445,406	43,020	215,182
Korea	3,772	19,213	..	..
Formosa	136,421	621,057	61,050	291,976
French Indo-China . . . . .	..	3	..	..
Straits Settlements and F.M.S	397	2,330	447	2,122
Kwantung Leased Territory	1,791	10,783	107	601
Netherlands	720	3,697	..	1
Antung . . . . .	..	..	..	2
	<u>687,524</u>	<u>3,456,790</u>	<u>153,071</u>	<u>768,872</u>

Returns No. 342 : Kerosene Oil.	Jan.-Dec. 1935.		Jan.-Dec. 1936.	
	Litres.	Value G.U.	Litres.	Value G.U.
Provenance:				
Antung	38	3	96	6
Japan	12,557,816	512,105	5,716,350	223,706
U.S. of America	52,115,815	2,142,891	17,046,095	702,938
U.S.S.R., Asiatic Routes	391,151	25,665	..	..
U.S.S.R., Black Sea Ports	10,245,394	721,480	5,950,727	140,083
Netherlands India	55,988,401	2,629,673	93,319,601	3,665,298
Korea	9,465	367	..	..
British North Borneo	1,892	78	..	..
Kwantung Leased Territory	21,331	1,409	122,357	8,402
Great Britain . . . . .	..	..	88	8
Other Countries	56	4	..	..
	<u>131,331,359</u>	<u>6,033,675</u>	<u>122,155,314</u>	<u>4,740,441</u>

As regards other parts of China, the Customs Preventive Service made noteworthy headway during the year. More stable market conditions and rising prices in respect of goods formerly smuggled reflected an improvement in the situation in Shanghai; and, despite reports appearing in the press to the contrary, a comparison between the Formosan trade statistics and the figures of goods imported at Fukien ports, the sales reports of certain firms dealing in staple commodities, and the Customs registration figures relative to the junk trade, showed only too clearly that smuggling into Fukien was gradually being brought under control; difficulties were still experienced at Foochow and Amoy in connexion with dutiable articles carried by runners travelling continuously on vessels from Formosan ports, but efforts are being made to deal with this problem, and it is hoped that they will bear fruit in the near future. In the South the change of administration in Kwangtung in July led to the cessation of certain varieties of illicit cargo entering through channels over which the Customs had been unable to exercise control, and this, together with the rigorous application of Customs rules and regulations generally, combined towards an all-round improvement and brighter revenue prospects throughout Kwangtung. Goods in considerable quantities continued to be shipped by steamer from Hongkong to Fort Bayard for eventual smuggling into China from the Kwangchowwan Leased Territory, and both the preventive land patrols on the frontier and the sea patrols off Hainan have been strengthened to cope with the situation. Such smuggling as existed from Tonkin overland into Yunnan received a check through Customs action designed to stop transportation of the goods by rail to the hinterland, and in the Szemao and Tengyueh districts flying preventive patrols produced satisfactory results.

In the early summer there were introduced, under Government instructions, Provisional Regulations governing the Inspection of Imported Goods when moved for sale within China, which *inter alia* provided for a system of conveyance certificates and sub-conveyance certificates to cover certain specified imported goods on their journey inland. The work entailed by the system threw an additional burden on the already heavily loaded shoulders of the Customs staff, but the successful enforcement of the regulations had the salutary effect of curbing the distribution of smuggled goods, especially from the North, inland. A further blow was afforded the smuggling community in June by the promulgation by the Government of a Provisional Code governing Punishments for Evasions of Customs Duty, which prescribed severe penalties for offences detailed in the code.

REVIEW OF CUSTOMS PREVENTIVE WORK,

BY

E. A. PRITCHARD, Preventive Secretary.

GENERAL EFFICACY OF PREVENTIVE WORK AS DEMONSTRATED BY FINES AND CONFISCATIONS, ETC.

The present conditions under which Customs preventive action is prosecuted in China are such that an analysis of the figures for fines and confiscations affords a valuable criterion of the degree of success which is being attained. Insufficiency of sea-going craft, equipment, and staff, smuggling in the South under official auspices, lack of co-operation from local officials, and inadequate provision both for the seizure of goods once they have been smuggled past the thin Customs cordon on the frontiers and for the punishment of smugglers are the major difficulties under which the Preventive Service have been called upon to meet the large increases introduced in the Import Tariff during recent years, and the fact that, with so many loopholes, the Customs have demonstrated their ability to overcome the highly organised smuggling associations to the extent shown by the fines and confiscations figures pays, it is submitted, striking tribute to the measures instituted and the efficiency and perseverance of all members of the staff concerned. The shortage in preventive craft is now being remedied, and while it is to be expected that the position as regards seizures will be maintained for many months yet, it may be asserted with confidence that perfection of organisation and co-ordination of the activities of the preventive fleet will witness a considerable diminution of ordinary smuggling activities and a corresponding decrease in the number of seizures effected, and also that, with the removal of the other disabilities to which reference has been made and on the assumption that there is no further falling off in world trade conditions, decrease in fines and confiscations will have its counterpart in a large increase in revenue.

The gross figures for fines and confiscations for 1932, totalling \$3,675,719—which constituted a record,—have already been reported to His Excellency the Minister of Finance and to the Director General of the Kuan-wu Shu, and appended hereto is a comparative table* of the gross figures for the March and June quarters of 1932 and 1933. It will be observed that the totals of \$1,151,791 for the

* Not printed.

March quarter 1933 and \$1,750,373 for the June quarter 1933 record increases over the figures for the corresponding quarters of last year of \$634,068 or some 122 per cent and \$955,841 or some 120 per cent respectively, and further that had the Manchurian ports not been lost to us, these increases would have been still further enhanced. It is necessary to note that the total of \$417,446 for Shanghai for the March quarter was largely the outcome of raids on jewellers' shops, etc., in the International Settlement, and that one case alone (the particulars of which were reported by the Inspector General to His Excellency the Minister of Finance) accounted for a considerable proportion of the Shanghai total of \$888,318 for the June quarter, but that were these cases to be excluded, the Shanghai figures would still show a satisfactory increase. Analysis of the figures for the various ports reveals that with but one or two exceptions conspicuous increases resulted at all ports at which preventive craft operated, guards were introduced, or other preventive measures instituted, the Chefoo district, Shanghai, Foochow, Amoy, and Swatow calling for special mention; Chinwangtao and Tientsin were affected partly by disorganised trade conditions brought about by the Manchurian situation, and the decrease of \$49,079 in the Kowloon fines and confiscations may be attributed solely to the effectiveness of preventive measures and the consequent cessation of all large-scale smuggling on the Kowloon land frontier.

In the light of the above it is disappointing that the efficacy of preventive action is not reflected as markedly as it might be in our revenue returns, but it is submitted that world trade conditions, the Sino-Japanese dispute, smuggling by officials in the South, and increased tariff rates resulting in an immediate but possibly a temporary decrease in trade have all affected the revenue adversely. Preventive action has resulted, however, in the welcome reappearance in the returns of certain ports of such commodities as sugar, of which considerable quantities which formerly were smuggled have now been legally imported at Amoy and Foochow, which in itself is beneficial to the revenue, and if, in addition, the moral effect of the large seizures made is taken into consideration, it is evident that the indirect contribution of preventive work to the revenue collection has been of considerable magnitude.

COST OF PREVENTIVE SERVICE.

As the Customs is constituted at present, it is difficult to estimate with any degree of accuracy the actual cost of preventive work which is so closely intermingled with work of an ordinary revenue nature.

A rough estimate would appear to show, however, that the cost of the Preventive Service during the present fiscal year—in which be it noted large capital and non-recurring payments for craft, equipment, etc., as opposed to maintenance, fall due—will be in the neighbourhood of \$6,000,000, which is under 2 per cent of the estimated revenue collection and is about 17 per cent of the estimated total Customs expenditure. Figures for other countries are at present unobtainable, but are known to be largely in excess of the \$6,000,000 quoted above.

PREVENTIVE CRAFT.

16 new ships ranging in length from 136 to 170 feet are now under construction and should all be in commission in the early part of next year, when it is hoped to provide for a deep sea patrol of the whole China coast. Minor additions have been made to the list of small inshore craft, but the completion of the preventive loan programme in this respect is being proceeded with gradually as experience with various types of craft dictates. Five seized Japanese motor-boats have been adapted for preventive work as a temporary expedient and have met with marked success.

CUSTOMS WIRELESS SERVICE.

Owing to the immense amount of labour involved in drawing up specifications, examining tenders, etc., and to other factors, it is feared that the inauguration of this service will not be possible before June or July 1934. Every effort is being made to expedite arrangements as much as possible. A Preventive Telegraphic Code has been completed, and the secrecy of preventive telegraphic messages should be assured.

CUSTOMS PREVENTIVE AIR SERVICE.

The question of the establishment of a Customs Preventive Air Service has been reviewed at length in a Preventive Secretary's memorandum, dated 12th April 1933, a copy of which was submitted to the Director General of the Kuan-wu Shu. The memorandum demonstrates clearly the benefits to be derived from the employment of flying-boats as an adjunct of the preventive fleet and sets forth in detail proposals for the formation of a preventive air service. The scheme as conceived aims at completeness and provides for the training of flying-boat pilots which, together with the cost of equipment, would entail the expenditure of very large sums of

money which is hardly justifiable at the present time. The flying-boat proposals should not be lost sight of, however, and when the new preventive ships are in commission, the purchase of one or two such boats, and the engagement of fully trained pilots, for experimental use at a specified port should be carefully considered.

CUSTOMS GUARDS.

Customs guards are now established at Chefoo, Foochow, Swatow, Kowloon, Lappa, Kiungchow, and Pakhoi and have proved of great value to preventive work as a whole.

LAND FRONTIERS.

As stated elsewhere in this memorandum the smuggling on the Kowloon land frontier has been checked. Considerable quantities of goods are smuggled over the Kwangchowwan land frontier, and, while every effort is being made to meet the situation, Customs action is rendered to a great extent abortive by the fact that the South-western Political Council will not allow new Customs stations at strategic localities, where new motor roads have been constructed, to be established. A complete scheme for the establishment of Preventive Zones in both the Kowloon and Kwangchowwan districts has been submitted to the Government and would effectively kill all large-scale smuggling, but it would be impossible of accomplishment without the co-operation of the Kwangtung authorities. Opposition from the latter authorities has made itself felt in the Lappa district, the Chungshan Magistrate having informed us officially that the measures proposed for an effective control of the land frontier cannot be authorised. Smuggling on the Burma and Indo-China frontiers is not of great account and is being dealt with effectively by land patrols. The question of the clandestine importation of goods by land from Manchuria is one for the future and will be fully investigated as soon as conditions permit: local investigation in the Shanhaikwan district does not indicate that smuggling is as yet practised on a large scale.

RAILWAYS.

The authorities of the Pei-Ning Railway continue to co-operate in a most satisfactory manner, and smuggling through the railway has been brought under control. In the South, however, the opposition of the Canton-Kowloon authorities to any measures devised by the Customs to check smuggling continues unabated and

has increased in intensity. Efforts are now being made by these authorities to undermine our position still further by demanding the withdrawal of Customs officers from stations at which they are already operating.

OFFICIAL SMUGGLING IN THE SOUTH.

Reports from the Canton Commissioner continue to bear witness to the large quantity of dutiable goods which are brought into Canton without payment of duty by the Naval and Salt vessels; the fall in the Canton revenue collection may be attributed entirely to this form of smuggling, with which the Customs are powerless to deal, and 40 per cent is probably a reasonable estimate of the amount of revenue which is thus escaping us. Other ports in the Canton Delta, Swatow, and, on one known occasion, Pakhoi are also affected by official smuggling by these vessels. It is of interest to note, however, that very recent reports from Lappa are to the effect that the number of official vessels leaving Macao with dutiable cargo for clandestine importation into China has decreased during the last few weeks: the reason is unknown.

JUNK TRADE.

Control of the junk trade is gradually being established, and Customs action has resulted in many junks, formerly engaged in smuggling, reverting to legitimate trade. The increase in the preventive fleet next year should sound the death knell of all large-scale smuggling by junks. The junk regulations are now in process of revision, and submission to the Government of detailed proposals for the establishment of junk control stations is only awaiting further information from one port in the North.

CARRYING OF UNMANIFESTED CARGO BY STEAMERS.

A diminution in this type of smuggling is to be recorded, the imposition of fines by the Customs having brought home to steamship companies the nature of their responsibilities in the matter. A new procedure in regard to the control of ships' stores is shortly being introduced and will go far to checking leakage from this source. It is of interest to record that, following conversations with the Inspector General, the Hongkong Government are considering the formation of their own official search-parties in order to enforce the Hongkong Ordinance, promulgated last year, making the carriage of unmanifested cargo an indictable offence.

INTELLIGENCE SERVICE.

Sources of information are many and are generally satisfactory. The giving of false information for the sole purpose of distracting Customs attention is of fairly frequent occurrence, but this practice is being discouraged by calling for guarantees in cases in which Customs suspicions are aroused, and/or by compelling informers to accompany the Customs officers when the information is acted upon.

DISABILITIES.

Other than smuggling under official auspices and lack of co-operation from local officials in certain districts, the main disabilities under which the Preventive Service is operating lie in the facts that there is no legal provision for the punishment of smugglers other than the confiscation of their cargo or the infliction of fines, but rarely both, and that the Customs find it difficult to take action, involving the searching of storehouses, shops, private dwelling-houses, etc., and the examination of documents, in respect of goods which have escaped Customs vigilance at the thin cordon on the frontiers and have been smuggled into China. A proposed Preventive Law covering, *inter alia*, these two points was drawn up and submitted to the Government during 1932, and while it is admitted that Customs action would be limited in respect of foreigners of certain countries by the principles of extraterritoriality, it is submitted that the authorities of such nationals might be more disposed to grant facilities if the Preventive Law was passed and promulgated and they were thus assured that the proposed Customs action was in accordance with the law of China.

15th August 1933.

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**MEMORANDUM ON PILOTAGE IN CHINESE WATERS,
SUBMITTED TO THE GOVERNMENT BY
THE INSPECTOR GENERAL.**

In continuation of previous correspondence, more particularly of his despatch No. 7659—giving an account of his negotiations with the Japanese Authorities regarding pilotage—the Inspector General, in now forwarding copy of his note of 22nd June to H.E. the Japanese Ambassador and of the latter's reply note of 24th June, begs to submit the following résumé of this pilotage question.

1.—Prior to 1842, China as a sovereign state had absolute jurisdiction over pilots and pilotage matters within her territorial waters. At that time, when Canton was the only port open to foreign trade, all pilots were Chinese, controlled, so far as the port of Canton was concerned, by the Chinese magistrate at Macao.

2.—On account of delays in the appointing of pilots to incoming vessels, of exactions made by these pilots over and above their recognised fees, and of dangers arising from incompetent men acting as substitutes for qualified pilots, the framers of the early treaties with China, namely Great Britain, France and America, inserted specific stipulations in these treaties providing

- (a.) That pilots should be sent on board incoming and outgoing vessels without delay;
- (b.) That the Consul at each port should determine the fees to be paid to the pilots for their services; and
- (c.) That any one wishing to exercise the profession of a pilot on board ships of a given nationality could be registered as a pilot at the consulate of that nationality by presenting three certificates from the masters of vessels which he had piloted. (Br. Tr. Hoomunchai, Gen. Reg. 1; Am. Tr. Wanghea, Art. VIII; Fr. Tr. Whampoa, Art. XI).

3.—By this interference with China's sovereign rights a system of foreign consular supervision was instituted over China's pilotage at the treaty ports; registers of qualified pilots were kept by the various Consulates, the fees to be charged were decided by the Consuls, and masters of ships were at liberty to select what pilots they pleased. This system became firmly established and was confirmed in 1858 by the various treaties of Tientsin (Br. Art. XXXV, Am. Art. XVII, and Fr. Art. XV).

4.—This system, however, had obvious drawbacks. At no Port was there a properly constituted unifying and centralising pilotage board to enforce discipline and insist on a uniform standard of competency. This lack of a controlling board was felt especially at Shanghai, which by the early fifties of last century had become the premier port in China for foreign trade. With the increase of steam vessels foreign pilots, too, came more and more to take the place of Chinese, and although each foreign pilot was amenable to his Consul, the latter had no efficient means of supervising the piloting activities of his nationals. Abuses flourished, and it was to rectify these that in December 1855 the Taotai and the Consuls then resident at Shanghai agreed upon a set of regulations providing for the examining and licensing of pilots, the service to be open to the natives of any country. These regulations failed in their object as it was found that enforcement of discipline on Chinese pilots was impracticable, qualified men persisting in the practice of deputing unqualified men to act for them. In December 1859, therefore, the British, the American, and the French consuls drew up a new set of regulations by which the pilotage service was to be confined to the subjects and citizens of the three Treaty Powers mentioned. Non-Treaty Power subjects were excluded, as such were not amenable to discipline.

5.—In July 1863 the Danish Treaty of Tientsin was signed, Article XXXIV of which stipulates that Danish vessels shall be allowed to select their own pilots to conduct them in and out of port. The same stipulation is found in the Belgian Treaty of Peking (Article XXII), signed in November 1865, and in the Italian Treaty of Peking (Article XXXIV), signed in October 1866. This latter treaty article, however, contains also the significant addition that pilotage fees and questions which may arise concerning pilots are to be determined by special regulations prepared by the Consuls of all the nations in collaboration with the Chinese authorities. This article marks a return to the recognition that China had also a say in the matter, and it was in order to regain for China part of her lost sovereignty that the late Sir Robert Hart, the Inspector General of Customs, in 1867 suggested to the Tsungli Yamên that a set of General Pilotage Regulations should be drawn up by which pilots should be brought under control and China's right to license pilots reasserted.

6.—After negotiating with the Ministers for Russia, Great Britain, France, America and Germany—the only foreign representatives then resident at Peking—regulations were finally approved by all parties and were communicated to the Customs

Service for enforcement in I.G. Circular No. 3 of 1867. These regulations, however, were found to be unworkable chiefly because they included a clause rendering pilotage compulsory. They were, therefore, set aside, and a new set—omitting this clause and making a few modifications in favour of strengthening the Harbour Master's control—was finally agreed upon between the Tsungli Yamên and the Ministers of the five Powers mentioned above.

7.—These revised regulations were communicated to the Customs Service in I.G. Circular No. 30 of 1868 and became known as the General Pilotage Regulations. "The point from which the improved regulations start is that the enactment of local rules shall be left to the persons most concerned, the Harbour Masters, Consuls, and Chambers of Commerce at the Ports that require them, and . . . that a Board of Examination shall be constituted in consultation, in the manner best fitted to be adopted at each place. They re-state the fact that the subjects of Treaty powers, as well as Chinese, may become candidates for the Pilots' Licences, and arrange for the manner in which examinations are to be conducted and vacancies filled up. They recognise the sovereignty of China . . . by enacting that all licences shall be issued by . . . the Commissioner of Customs in the name and on behalf of the Chinese Government. They make provision for apprentice pilots, and provide for the punishment of persons who pilot without licences, of pilots who misconduct themselves, and of commanding officers who employ unlicensed persons as pilots." From this it is clear that these regulations modify very considerably, and in China's favour, the treaty stipulations cited above, but they do not abrogate these stipulations, nor do they eliminate the right of foreign consular intervention in China's pilotage affairs. That such is the case is evidenced by the Japanese Treaty of Commerce and Navigation, signed at Peking in July 1896 which contains the usual pilotage clause (Article XVI), and by the new Agreement for the Whangpoo Conservancy, signed at Peking in September 1905, by representatives of China and of eleven foreign Governments, article 1 of which *inter alia* stipulates that the regulations for the pilot service (*i.e.* the 1868 regulations) are to continue in force.

8.—On the basis of these regulations pilotage was organised at those Treaty Ports where pilots are a necessity. At certain Ports, notably Shanghai and Tientsin, pilot associations in the course of time were formed, which as associations acquired property and conducted their own affairs, the individual members as licensed pilots remaining under the control of the Pilotage Authority at the Port, constituted according to the 1868 Regulations. It was the

formation of one of these associations, namely the Woosung-Hankow Foreign Pilots' Association, which towards the close of the year 1921 led the Hai Chieh Wei Yüan Hui to protest against this action of foreigners in usurping pilotage in China's waters. This led in June 1922 to representations being made by the Chiao T'ung Pu, the Hai Chün Pu, and the Nung Shang Pu for a revision of the General Pilotage Regulations of 1868. Nothing definite came of these representations owing to the fact that no such revision could take place without international agreement. Seven years later, in May 1929, the Shu informed the Inspector General* that the Government had decided to abrogate the General Pilotage Regulations in 1868, and requested him to draw up and submit new regulations for the control of pilots. The Inspector General conferred with the Coast Inspector and regulations were drawn up; and, furthermore, a historical sketch of the development of pilotage in Chinese waters in which he pointed out clearly the treaty basis of the General Pilotage Regulations of 1868, was sent to the Shu.† A draft of suggested regulations was forwarded to the Shu in December 1929;‡ but, in spite of repeated reminders§ approval of these suggested regulations was not given.

9.—In 1933 the question of pilotage became acute once more, and in August that year the Inspector General supplied the Shu for the National Defence Commission with full details regarding the names, nationality, and number of pilots then serving at the coast and river ports of China. In the following month (September 1933) the Shu forwarded to the Inspector General a set of provisional pilotage regulations, which had been drawn up by representatives of the Ministry of Finance, the Ministry of the Navy and the Ts'an-mou Pu, and which were approved by the Government, and at the same time instructed the Inspector General to put these regulations into force.¶ To the Inspector General's suggestion that certain of these regulations might with advantage be modified|| the Shu replied that as these provisional pilotage regulations had already been promulgated they could not now be recalled or modified, and that the Inspector General was to see that the Pilotage Boards called for by these regulations were at once established at all Ports requiring them.* In reply, the Inspector General stated that steps would be taken without delay to establish these boards, but as the

* Shu to I.G., despatch No. 625.

† I.G. to Shu, despatches Nos. 346 and 368.

‡ I.G. to Shu, despatch No. 704.

§ I.G. despatches to Shu Nos. 947 of 1930 and 1763 and 2232 of 1931.

¶ Shu to I.G., despatch No. 10857.

|| I.G. to Shu, despatch No. 4939.

* Shu to I.G., despatch No. 11088.

right of foreign pilots to ply in Chinese waters is based on treaty stipulations the first step should be to reach a clear understanding with the consular representatives concerned that they would raise no objection to the enforcement of the provisional pilotage regulations now sanctioned by the Government so far as foreign pilots were concerned, and would make no appeal to treaty rights.* The Shu pointed out in reply that the General Pilotage Regulations of 1868 were not a treaty, and that as the provisional pilotage regulations now sanctioned contained much in common with the 1868 regulations there ought to be no difficulty in enforcing the new regulations.† Hereupon the Inspector General enumerated the treaty articles, which had not been abrogated, conferring upon foreign shipmasters and shipowners the right of engaging what pilots they please, and upon foreign consuls the right of intervention in such pilotage matters as the settling of fees, the licensing and registration of pilots and so forth. In view of these unabrogated treaty articles the Inspector General suggested that the Wai Chiao Pu should forward to the Ministers of all the Treaty Powers concerned a copy of the recently promulgated provisional pilotage regulations and inform them that the Customs had been instructed to give effect to these regulations as quickly as possible.‡

10.—On the instructions of the Government a beginning was made at Shanghai, and in December 1933 was held the first meeting of the new Pilotage Board, constituted according to the provisional pilotage regulations, but lacking a representative of the Foreign Chamber of Commerce as that Chamber declined to appoint such without the approval of the Consular Body. In spite of a protest from this Body at what they considered the unilateral abrogation of the General Pilotage Regulations of 1868 the new Board got to work drafting bye-laws and making preparations for the taking over of the control of the four pilotage organisations having their headquarters at Shanghai, namely—

- (a.) The Shanghai Licensed Pilots' Association;
- (b.) The Woosung-Hankow Foreign Pilots' Association;
- (c.) The Woosung-Hankow Japanese Pilots' Association;
and
- (d.) The Woosung-Hankow Chinese Pilots' Association.

Interviews were held with representatives of all these associations, the net result of which was that while no difficulties were to be expected in taking over the last named of these four, both the Shanghai Licensed Pilots' Association and the Woosung-Hankow Japanese Pilots' Association would first require instructions

* I.G. to Shu, despatch No. 5014.

† I.G. to Shu, despatch No. 5051.

‡ Shu to I.G., despatch No. 11211.

from their consular authorities before responding to any move made to incorporate their members in a Chinese Government Pilotage Service. On the 20th and the 27th January 1934 two meetings were held at Nanking, attended by representatives of the Ministry of Foreign Affairs, the Ministry of the Navy, the Ministry of Finance, the Ministry of Communications, and the General Staff Headquarters to discuss the attitude assumed by the foreign pilots association both at Shanghai and Tientsin, an attitude in which they were supported by their respective Consular Bodies. The outcome of these meetings was the decision that the Mayor of the Municipality of Greater Shanghai should be instructed to confer with the Consular Body regarding the Shanghai Licensed Pilots' Association seeing that the Consular Body had approached him on the matter, and that the Inspector General should be requested to ascertain from and discuss with the Association the terms on which they would be willing to hand over their property and become members of the Chinese Government Pilotage Service.

11.—Unfortunately nothing came of these discussions and negotiations.* The Consular Body declined to recognise the Provisional Pilotage Regulations† and supported the Shanghai Licensed Pilots' Association in its attitude that pending authorisation of change, recognised by the Powers concerned, the General Pilotage Regulations of 1868 were to be regarded as still valid. An American apprentice pilot at this time due for examination for his pilot's certificate declined to sit for that examination under the Pilotage Board as constituted by the 1933 regulations; while the Shanghai Licensed Pilots' Association refused the Government's offer to purchase the shares of two pilots who were retiring from the Association.‡ It was also pointed out that all licences for foreign pilots would fall due for renewal on 1st July but as these pilots did not recognise the new Pilotage Board it was certain that when the time for renewal came they would ignore this new Board and, in accordance with the General Regulations of 1868, approach the Commissioner of Customs who was authorised by those Regulations to issue and renew such licences on behalf of the Government. As things were it was obvious that the Commissioner could not renew these licences and the foreign pilots would then have to either carry on without licences, or apply to their consular authorities for provisional licences in order that the trade and shipping of the Port might not be disrupted. To get out of this *impasse* Admiral Hsü, representative of the Ministry of the Navy on

* I.G. to Shu, despatches Nos. 5561, 5562, and 5635.

† *Ibid.*, Nos. 5246 and 5303.

‡ *Ibid.*, Nos. 5779 and 5870.

the Pilotage Board at Shanghai, suggested that the Government might attain the end they have in view if the control of pilotage affairs at all Ports were to be placed unreservedly in the hands of the Customs, and to this end a new set of revised pilotage regulations was drawn up.* These proposed regulations were discussed at a special meeting held at Nanking on 8th May 1934† and attended by representatives of the Ministry of the Navy, the Ministry of Finance and the General Staff Headquarters. At this meeting the Inspector General's representative pointed out the necessity of diplomatic negotiations between China and the Powers concerned on these proposed regulations before they should be promulgated. Early in June, at its 160th meeting the Executive Yüan laid down four principles regarding the resumption by China of complete control over pilotage in her territorial waters, and ruled that the Ministry of Foreign Affairs and the Ministry of Finance were to carry on negotiations with the foreign representatives on the basis of these principles.‡ A week later the Officiating Inspector General was informed that the Executive Yüan had approved of the proposed new regulations but that promulgation of them would be deferred to enable the Officiating Inspector General to explain the new regulations to the various foreign representatives, and if possible secure their acceptance of them.§

12.—By the middle of July 1934 the Officiating Inspector General was able to report that he had sent identical letters to the Consuls of all the countries concerned enclosing copies of the revised regulations and inviting them to open discussions with him on the subject. Written replies were received from the Consuls for Great Britain, the United States of America, Sweden, Norway, Denmark, Portugal, Germany, and the Netherlands. The Officiating Inspector General had also had interviews with the British and French Consuls, and the former had taken the matter up with his Minister. He had also started negotiations with the Shanghai Licensed Pilots' Association with a view to the taking over of the Association's property.|| Three weeks later the Officiating Inspector General was able to report that with certain slight modifications the British authorities would be prepared to accept the new regulations,¶ but it was not until the middle of September that he was able definitely to inform the Government of the refusal of the Japanese authorities to accept the new regulations.** By October the

* I.G. despatch to Minister of Finance No. 1053 and to Shu No. 5689.

† Shu telegram to I.G. No. 1627 and I.G. telegram to Shu No. 322.

‡ Shu to O.I.G., telegram No. 1652.

§ *Ibid.*, No. 1657.

|| O.I.G. to Shu, despatch No. 6129.

¶ *Ibid.*, No. 6237.

** *Ibid.*, No. 6407.

Officiating Inspector General was in a position to state that the new regulations were being regarded favourably by the Governments of Great Britain and the United States* and that negotiations with the Shanghai Licensed Pilots' Association were in progress.†

13.—It was at this time that the Shanghai Licensed Pilots' Association was in need of three apprentice pilots to fill vacancies that had occurred, or were about to occur, in their ranks; and the Government, taking the view that these vacancies should be filled by suitable Chinese candidates, requested the Officiating Inspector General to instruct the Shanghai Harbour Master to select qualified Chinese candidates and issue to them certificates as apprentice pilots.‡ Steps were at once taken to put this order into effect, but as the appointment of such candidates in the circumstances then prevailing would have to be made without the formality of a Board of Appointment, the Association although it had no objection to Chinese candidates was unwilling to accept them without the approval of the Consular Body.§ Negotiations with the Association had now reached an advanced stage and on 29th November the Officiating Inspector General was able to communicate to the Government the terms of agreement on which the property of the Shanghai Pilot Boat Co. could be taken over and the members of the Shanghai Licensed Pilots' Association enrolled as members of the Chinese Government Pilotage Service. These terms were approved by the Government,|| but as the purchase price involved was a large amount, viz: C.G.U. 1,000,000 the Officiating Inspector General suggested that the sum be appropriated from Customs revenue.¶ As the Association had now defined its terms and as the Government had agreed to those terms the Officiating Inspector General considered the moment opportune to submit for the Government's approval the revised pilotage regulations of June 1934 with the amendments which had been made as the result of informal negotiations with the Consuls of the interested Powers. In submitting these amended regulations the Officiating Inspector General stated that he was hopeful of their being generally acquiesced in if they received the approval of the Government in their amended form, and if approved, he suggested that it would expedite a final understanding if the Wai Chiao Pu would communicate with the amended regulations to the Ministers of the interested Powers prior to their promulgation.**

* O.I.G. to Shu, despatch No. 6504.

|| Shu to O.I.G., telegram No. 1748.

† *Ibid.*, No. 6623.

¶ O.I.G. to Shu, telegram No. 363.

‡ Shu to O.I.G., despatch No. 14541.

** O.I.G. to Shu, despatch No. 6801.

§ O.I.G. to Shu, despatch No. 6716.

14.—At this point the Inspector General returned to China, and he at once took up the two outstanding issues involved in this question of pilotage regulations and foreign interests therein, namely, the main issue of agreement with the Japanese authorities * and the subsidiary issue of the appointment of three Chinese candidates as apprentices to the Shanghai Licensed Pilots' Association. Taking the latter issue first the Inspector General would only remind the Shu that after much discussion and protracted negotiations in the course of which not a few difficulties had to be surmounted the three Chinese candidates for apprenticeship in the Association, as selected by the Shanghai Harbour Master and approved by the Government, were finally admitted as apprentice pilots and enrolled as such by the Association.† As regards the main issue, namely the obtaining of the consent of the Japanese authorities to accept the revised pilotage regulations, as put forward by the Government in June 1934 and as amended in December of that year, the Inspector General would refer to his letter No. 123 telling of his first personal interview with Mr. Ariyoshi, the Japanese Ambassador, on the subject and of his opening of negotiations with Mr. Ishii, the Japanese Consul-General, to his despatch No. 7339 informing the Government that delay in the negotiations was being caused by non-receipt of instructions from Tokio, to his despatch No. 7499 giving a summary of his conversations and correspondence up till then with the Japanese authorities, and to his despatch No. 7659—in reply to Shu despatch No. 16827—in which he enclosed minutes of a conversation held with Mr. Sugihara, the Japanese Consul, on the subject of the nineteen propositions put forward by Mr. Sugihara as embodying the views of the Japanese Government. Since the sending in of that despatch the Inspector General has had on 21st June a personal interview with the Japanese Ambassador at which the Inspector General handed to him (a) copy of the text of the nineteen propositions put forward by Mr. Sugihara, (b) minutes of the conversation held with Mr. Sugihara on these propositions, and (c) comments showing the unacceptability of these propositions. It was pointed out to Mr. Ariyoshi that the crux of this pilotage question lies in the intervention of foreign consular authorities in China's pilotage affairs, and he was asked whether his Government would not be willing to sanction the withdrawal of this intervention so that China might be in the position to exercise complete control over pilotage in her territorial waters. Mr. Ariyoshi replied that his Government declined to relinquish consular jurisdiction in this

* Shu to I.G., letter No. 905.

† I.G. to Shu, letter No. 122; I.G. to Shu, despatch No. 7152A; I.G. to Shu, despatch No. 7230; Shu to I.G., despatch No. 16075; and I.G. to Shu, despatch No. 7725.

matter of pilotage as provided for in the General Pilotage Regulations of 1868 and in the treaties between China and the various Powers. Further discussion was of no avail, so on the day following the Inspector General wrote to Mr. Ariyoshi requesting him to state whether the Inspector General's understanding of his pronouncement in this connection is correct. Copies of the Inspector General's letter (in English) and of Mr. Ariyoshi's reply (also in English) are enclosed. From the latter it will be seen that the Japanese Ambassador confirms in unmistakable terms what he had declared in conversation.

15.—Until the Japanese authorities are willing to change their attitude it seems to the Inspector General that the wisest course to follow in pilotage affairs would be:

- (a.) To leave the Shanghai situation for the present, so far as the Shanghai Licensed Pilots' Association is concerned, *in statu quo*, and
- (b.) To promulgate the revised pilotage regulations of June 1934 as amended and approved in December that year for enforcement at present only at those ports and in those districts where none but Chinese pilots are engaged, such as Canton, Foochow, Wenchow, the Middle and Upper Yangtze.

The advantages of this policy are:

- (a.) That a beginning can be made at once with the creation of a Chinese Government Pilotage Service under Customs control;
- (b.) That as soon as this Service has been firmly established at the ports and in the districts indicated, and has proved its efficiency, overtures can then be made to the British and the American authorities—who have already shown their sympathy—to recognise this Service to the extent of not making any objections to the extension of the Chinese Government Pilotage Service to those ports—such as Amoy and Swatow—where there are only a few British or American pilots; and
- (c.) That by seizing every favourable opportunity to have qualified Chinese candidates taken on as apprentice pilots in the Shanghai Licensed Pilots' Association China will be building up slowly but surely a body of well trained Chinese pilots in the Association which will render its final transfer to the Chinese Authorities a much easier and less debatable matter than at present.

16.—The promulgation by the Government of the revised Pilotage Regulations of June/December 1934 *ipso facto* abrogates the Provisional Pilotage Regulations of 1933 under which the Pilotage Board at Shanghai was constituted and under which it at present functions. The Board would accordingly be dissolved, but this should not create any great difficulties as all the duties now performed by the Board can equally well be undertaken by the Customs authorities at Shanghai.

A duplicate copy of this despatch is enclosed for transmission to the Wai Chiao Pu.

5th July 1935.

APPENDIX.

Copy of letter from Sir Frederick Maze, Inspector General of Customs, to Dr. A. Ariyoshi, Japanese Ambassador, dated 22nd June 1935.

DEAR DR. ARIYOSHI,

With reference to our conversation yesterday on the subject of the Pilotage Regulations, I note that Your Excellency asserted that your Government decline to consent to the abrogation of Consular jurisdiction on the Pilotage Board, as provided for by the 1868 Pilotage Regulations, and I request you to inform me whether my understanding of your pronouncement in this connection is correct?

Believe me,

Yours sincerely,

(signed) F. W. MAZE.

Copy of letter from Dr. A. Ariyoshi, Japanese Ambassador, to Sir Frederick Maze, Inspector General of Customs, dated 24th June 1935.

DEAR SIR FREDERICK,

I beg to acknowledge the receipt of your letter of June 22 requesting me to confirm your understanding of my statement on the subject of the Pilotage Regulations during our conversation on June 21, and wish to inform you, in reply, that I declared that the Japanese Government decline to relinquish Consular jurisdiction in the matters of Chinese pilotage as provided for in the 1868 Pilotage Regulations and other treaties between the Powers concerned and China.

Yours sincerely,

(signed) A. ARIYOSHI.

THE CUSTOMS SERVICE, AND RIVER AND HARBOUR CONSERVANCY.

COMMISSION FOR THE IMPROVEMENT OF THE CHIHLI RIVER SYSTEM.*

Early in 1917 Mr. (now Sir Frederick) Maze, then Commissioner of Customs at Tientsin (and a director of the Haiho Conservancy Board), formed the opinion that the solution of the complex problem of the navigability of the Taku Bar and of the control of the flood and silt conditions of the Haiho lay in the scientific conservation of the connecting waterways of the province rather than in local conservancy operations. He accordingly pressed for the creation of a special commission to study the questions involved by the drainage of the province and conservancy operations in Tientsin in order that the Haiho Conservancy Board might have the best advice obtainable in respect of future conservancy operations, etc. Mr. Maze's recommendation led to the presentation of a plan for the establishment of a joint commission to control the rivers of the province and to devise means to co-ordinate the vital questions of drainage and navigation. The principle enunciated by him was that the radical solution of the Taku Bar problem could be found in the successful improvement and conservation of the connecting waterways of the province and not in local and more or less palliative conservancy operations. In other words, it appeared to him that unless the affluents of the Peiho (and more particularly, of course, the Yungtingho—the torrential mountain stream which is a constant and dangerous menace to the port of Tientsin) were conserved on scientific lines and placed under the control of qualified engineers, there could be no security whatever that the routine activities of the Haiho Conservancy Board in the river and on the Taku Bar could be successfully prosecuted without suffering interruption and damage by the recurrence of disastrous floods and the periodical silting of the river and the bar on a scale so vast as to render it impossible for the Conservancy Board's dredging plant to cope with it.

Although Mr. Maze's proposal to appoint the joint commission was passed by the Board some time before the disastrous floods of 1917, it was not until the spring of 1918 that the Government sanctioned the Board's recommendation and agreed to the formation of the Commission for the Improvement of the Chihli River System

* For additional information concerning the Chihli River Commission, etc., *vide* "Pulling Strings in China," W. Ferd. Tyler, chapter xv and "China's Customs Revenue since the Revolution of 1911," Stanley F. Wright.

and the collection of the necessary data with a view to the formulation of a comprehensive plan to improve the river regimen of the province—ultimately known as the “Grand Scheme.” The Government’s decision was doubtless influenced by the calamitous effects of the floods. To enable the Commission to carry out this undertaking, the aid of the Chinese Government was solicited through the mediation of the Diplomatic Body. The outcome of this application was the allocation by the Government of *Tls.* 30,000 a month from foreign revenue, the grant to remain in force “jusqu’au jour où les travaux entrepris par cette commission seront terminés.” The Minister of Finance, in conveying this decision to the Doyen, informed him at the same time that his Ministry had arranged with the President of the Commission—Mr. Hsiung Hsi-ling—for a loan of \$1,000,000 to the Government, free of interest, from deposit funds of the Commission obtained from other sources, the loan to be repaid from Salt Gabelle receipts in 10 monthly instalments of \$100,000 each, beginning in May 1921. The Diplomatic Body put on record its objection to the *quid pro quo* nature of this financial transaction, but there was nothing in its reply to indicate that it regarded the monthly grant from foreign revenue as in any way dependent on the repayment of the loan. The first two instalments of this appropriation, namely, those for May and June 1920, were paid in Shanghai taels direct from Peking, but from July that year the currency was changed to Haikwan taels, and the payments were, up till October 1928, made by the Tientsin Commissioner from his revenue collection, each payment being treated as a remittance to the Inspector General’s Foreign Revenue Account, and paid to the Hongkong and Shanghai Bank, Tientsin, for distribution among the banks holding the Commission’s account. On the instructions of the Ministry of Finance the instalments for October and November 1928 were paid through the Tientsin Superintendent as intermediary, but since December of that year these monthly instalments have been paid by the Inspector General out of his Revenue Account direct to the Ministry of Finance for the Commission. In the meantime the political upheaval of 1927–28 had led to the dissolution of the Commission for the Improvement of the Chihli River System and to the formation in its place in September 1928 of the North China River Commission (華北水利委員會).

YUNGTINGHO CONSERVANCY.

For centuries the funds for the maintenance of the dikes and other works necessary to control the flood turbulence of the Yungtingho (永定河) had been provided by the Central Government.

It was therefore fitting that Mr. Hsiung Hsi-ling, who had been Director General of the Commission entrusted with the repairing of the dikes burst by the disastrous floods of the summer of 1924, should, in his petition of the 15th October 1925, remind the Provisional Chief Executive of this former obligation of the Central Government, and suggest that in future an appropriation of \$240,000 a year should be made from Customs revenue for the upkeep of the Yungtingho dikes and for whatever emergency works might be necessary for the better control of this river. The Government endorsed the proposal, and the Diplomatic Body, to whom the matter was also referred, made no objection, stating in its reply that disposal of the Customs revenue, providing all foreign loans and Indemnities charged on it are secured, rests with the Chinese Government. The amount of the grant from revenue, however, was fixed at *Hk.Tls.* 100,000 a year, and as this sum at \$1.50 to the tael is equivalent to only \$150,000 out of the \$240,000 required, the Diplomatic Body agreed that the Haiho Conservancy, which stood to be greatly benefited in its operations by the removal of the danger of floods from the Yungtingho, should turn over for the use of the Yungtingho Conservancy, so long as not actually needed for Haiho works, its annual grant from revenue of *Hk.Tls.* 60,000, thus making up the balance of \$90,000 required. Payment of this appropriation began as from the 1st July 1926, and was made in monthly instalments from both sources. These instalments were received by the Tientsin branch of the Bank of Communications and placed to the credit of the Commission for the Custody of the Yungtingho Funds (永定河基金保管委員會). On the instructions of the Ministry of Finance the instalments for October and November 1928 were made payable to the Commission through the Tientsin Superintendent as intermediary, but since December of that year they have been paid by the Inspector General out of his Revenue Account direct to the Ministry of Finance for transmission to the Commission. From July 1928 the Haiho Conservancy, on account of stringency of funds, ceased to transfer to the Yungtingho Conservancy its monthly grant from revenue of *Hk.Tls.* 5,000.

COMMISSION FOR THE IMPROVEMENT OF THE HAIHO.

The area known as the Yungtingho delta was created during the first quarter of the eighteenth century by the construction of dikes to enclose a tract of land of approximately 600 square kilometres. In the course of two centuries this delta silted up, till by the beginning of the twentieth century the upper end of it stood from 6 to 8 metres above its original ground level. It was clear that

the old delta had served its purpose and that, if the Yungtingho was not to prove the annihilation of Tientsin or the ruin of countless thousands of small farmers, it was now essential to find a new outlet for its waters to the sea. By 1925 the Chihli River Commission had published its "Final Report and Grand Scheme," in which it put forward recommendations (1) for the creation of a new delta for the Yungtingho to the west and south of the existing delta, and (2) for the making of a new channel to the sea, taking out at Ti-liu-pu and entering the Gulf of Chihli south of the Haiho. This grand scheme comprised the construction of a dam at K'uan-ting to provide a detention reservoir for reducing flood peaks, the fitting of regulating gates at Lou Kou Ch'iao, and the erection of a series of protective groynes from Lou Kou Ch'iao to where the river was to enter the new delta. The whole undertaking, it was estimated, would cost about \$32,800,000. Urgent as the need was, the Government at that time had not the necessary funds nor the prospect of raising them by a loan, while it was also realised that the expropriating of the large area required would create formidable difficulties. The matter was accordingly shelved for the time being, but in the summer of 1927 heavy freshets from the Yungtingho so silted up the Haiho that Tientsin was cut off from steamer traffic except at flood tide, and even then could be reached only by vessels drawing 10 feet or less. This once more raised the issue sharply, and a conference to devise means to prevent recurrence of silting in the Haiho was accordingly held on the 26th September of that year in the Ministry of the Interior at Peking. This conference endorsed in principle the Grand Scheme drawn up by the Chihli River Commission, and decided that pending the execution of this scheme palliative works for the immediate relief of the Haiho would have to be carried out. Political uncertainties, however, prevented anything from being undertaken at the time, and in September 1928 the Chihli River Commission was taken over by officials from the Central Reconstruction Bureau of Nanking and renamed the North China (or Hua Pei) River Commission (華北水利委員會). The purpose of this new Commission, as a national organisation, was not simply to study the river conditions of Chihli, now styled Hopeh, but to take into account also the upper reaches of these rivers before they enter Hopeh. Its creation, however, aroused strong local opposition, and this opposition culminated in the formation in the autumn of 1928 of a separate commission, known as the Commission for the Improvement of the Haiho. This Commission got immediately to work and proposed as a palliative scheme the converting of the area known as the Ta-ho-tien into a settling basin for the freshet waters of the Yungtingho, from which the water, after clarification, could

be evacuated into the Haiho through the Hsinkaiho. This scheme had later on to be altered on several occasions owing largely to the refusal of the local farmers to sell their land. The first six months of 1929 were taken up with negotiations between the Nanking and the local authorities for the flotation of a loan of \$4,000,000 to finance this project. The bonds for this loan—entitled the Haiho Improvement Short-term Loan Bonds of Hopeh Province—were issued by the Ministry of Finance and the Executive Council of the National Government and were handed to the Haiho Improvement Commission. They carried interest at the rate of 8 per mille per mensem, payable on the 20th April and the 20th October each year beginning with April 1929. Redemption was to be by 20 half-yearly drawings of \$200,000 each, the final drawing being fixed as due on the 20th April 1939. The security for the service of the issue was an 8 per cent surtax on the old 5 per cent tariff levies, while payments for the service of the loan were to be made to the Tientsin Customs $2\frac{1}{2}$ per cent Surtax Treasury Note Issue Sinking Fund Commission. By orders of the Executive Council the Ministry of Finance issued instructions in August 1931 that this 8 per cent surtax was to be continued for one year after the full amount required for the payment of principal and interest of the Haiho Improvement Loan had been collected. This extra year's collection was to be used as security for a loan required by the North China Conservancy Commission for the construction of dikes on the Yungtingho, and was to be paid regularly to the Haiho Conservancy Short-term Loan Sinking Fund Commission. From December 1931 this latter Commission took the place of the $2\frac{1}{2}$ per cent Surtax Treasury Note Issue Sinking Fund Commission as trustee of the Conservancy funds raised from the 8 per cent surtax. In accordance with instructions from the Executive Yüan the Haiho Improvement Commission was dissolved early in February 1934, and the completed works, staff, offices, accounts, archives, etc., were handed over to the Hopeh Bureau of Construction. Orders were given at the same time that the works under construction were to be completed by the Technical Bureau for the Completion of the Haiho Improvement Scheme. This arrangement was carried out under the joint auspices of the Ministry of the Interior and the Hopeh Provincial Government. In the same month—February 1934—the Executive Yüan decided that, in order to provide funds for the building of the Kuan Ting reservoir and other works, the 8 per mille surtax was to be continued for a further period of five years after expiry of the one year's extension already sanctioned. In May 1934 the Haiho Improvement Technical Bureau was in need of \$100,000 for Yungtingho conservancy work, and this was raised through the

mediation of the Tientsin Commissioner of Customs, as a loan from eight local banks, the security pledged being the proceeds of the surtax after the Haiho Improvement Short-term Loan had been paid off. Complete redemption of this latter loan was effected on the 18th August 1934, almost five years in advance of the date originally fixed. The collection of the surtax for the further period of one year commenced on the 20th August 1934, and the collection for the additional five-year period will commence on the 20th August 1935.

LIAO RIVER CONSERVANCY.

The question of the necessity for the conservancy of the Liao River was first raised officially in 1905 by the Newchwang Commissioner, who pointed out the danger to the port of the constant erosion taking place at the Duck Island Reach, which might readily result in the river breaking through at that point, thus leaving the port high and dry. A survey of the river was urged, and this was carried out in 1907 by the Customs Marine Department. In November 1909 the Newchwang Chamber of Commerce passed a resolution declaring the willingness of the Newchwang merchants to pay a special surtax for a period of 10 years in order to provide funds for dredging of the bar, protective measures at Duck Island Reach, and improvement of the navigability of the upper river. The last-named improvement was much needed, as the Shuangtaitzu Canal, which had been excavated by villagers and salt smugglers as far back as 1889, was affecting seriously the depth of water in the Liao. Early in 1910 the Newchwang Consular Body took up the matter, and in July 1911 an agreement was signed between the Superintendent of Customs, as representative of the Government, and the Consular Body on the proposed dredging of the bar and the conservancy of the river. This agreement was approved by the Central Government in September 1913, received the sanction of the Diplomatic Body, and was promulgated by Presidential Mandate on the 1st July 1914.* Up to this time the expenses of the conservancy works undertaken—more especially the building of the dam to regulate the flow of water from the Liao into the Shuangtaitzu Canal—had been borne by the Manchurian Government, by a grant of \$200,000 made by the Ministry of Finance in 1910, and by local Chinese contributions; but from the 23rd August 1914 a conservancy surtax, according to the ratified tariff, began to be collected, the Customs acting as collecting agent.

*MacMurray, *op. cit.*, vol. ii, pp. 1125-1129.

In May 1916 a loan, in the form of an overdraft, for *Shanghai Tls.* 450,000, secured on the surtax, was contracted with the Hongkong and Shanghai Bank and the Russo-Asiatic Bank. This proved insufficient, and application was made to the Central Government for assistance from Customs revenue. In December 1919 the Central Government finally agreed to advance to the Liao Conservancy Board a loan of *Hk.Tls.* 1,750,000 from foreign revenue, to be issued by instalments during a period of three years from January 1920, and eventually to be repaid with 5 per cent interest per annum from the surtax collected by the Board. Out of this total the sum of *Hk.Tls.* 400,000 was allocated to the Lower Liao River Account and the balance of *Hk.Tls.* 1,350,000 to the Upper Liao River Account. The whole amount was duly paid to the Board in nine instalments, eight of *Hk.Tls.* 200,000 each and the ninth of *Hk.Tls.* 150,000 in January, May, and September of 1920, 1921, and 1922. Towards the close of 1921, however, owing to the urgent need of funds for Lower Liao River conservancy work, the sum of *Hk.Tls.* 190,000, forming a portion of the seventh instalment, was, with the approval of the Government, diverted from the Upper River Account to the Lower River Account, on the understanding that this sum should be refunded to the Upper River Account from a second loan of *Hk.Tls.* 1,864,000 proposed by the Conservancy Board exclusively for lower river requirements, which was approved by the Diplomatic Body and laid before the Ministry of Foreign Affairs in a despatch from the Dean under date 27th September 1922. This advance of *Hk.Tls.* 190,000 from the Upper to the Lower River Account was refunded in three instalments during the years 1926, 1927, and 1928. Again, in May 1922, when the Lower Liao conservancy work was once more in urgent need of funds, the Ministry of Finance authorised an appropriation from revenue of *Hk.Tls.* 95,000. This sum, it should be noted, was not taken from the funds of the Upper Liao Conservancy Account, but direct from revenue, and, according to the above-mentioned despatch from the Dean of the Diplomatic Body, is to be considered as part of the proposed second loan of *Hk.Tls.* 1,864,000. This second loan, however, in its entirety never received the sanction of the Central Government. A first instalment of it, for *Hk.Tls.* 200,000 (being the November 1922 instalment on the schedule proposed by the Board), was, on the renewed application of the Diplomatic Body, finally sanctioned by the Ministry of Finance and issued to the Board early in May 1923. Since then the Government refused to sanction any further allotments, on the ground that large sums of the first loan for the upper river conservancy were lying idle. A special delegate of the National Conservancy Bureau was sent to

investigate conditions on the spot and to report to the Government, but nothing came of this visit. In 1929 a loan of \$300,000 was arranged by the Board with the Bank of China and the Bank of the Three Eastern Provinces for the purchase from the Government of Java of a suction-dredger required for removing the bar at the entrance to the Liao River. This loan carries interest at 1 per cent per month and is to be repaid by instalments between the 1st July 1931 and the 1st July 1934 at the rate of \$100,000 in each fiscal year. In June 1932 the Customs at Newchwang were seized by the Manchukuo authorities, and from that date ceased as an agent of the Chinese Government to have any connexion with the Liao River Conservancy Board, and in November 1933 the Manchukuo authorities decided to take over the administration of the Board.

MIN RIVER CONSERVANCY.

On the initiative of General Li Hou-chi (李厚基), the Civil and Military Governor of Fukien, the Foochow Commissioner brought before the Inspector General, in September 1916, the question of the possibility of improving the navigation of the Min River between Nantai and Pagoda Anchorage. The outcome of this preliminary move was that a survey of the sections of the river concerned was made by the Customs Marine Department, while the engineer-in-chief of the Whangpoo Conservancy was invited to visit the port and give his opinion on the technical side of the subject. Mr. von Heidenstam duly visited the port in November 1917, and embodied his observations and calculations in a report entitled "Preliminary Project for the Improvement of the Min River." The Commissioner then drew up a scheme for financing Mr. von Heidenstam's project, which was estimated to cost \$900,000, spread over a term of three years. This scheme was submitted at a public meeting in June 1918, held under the auspices of the British Chamber of Commerce, approved by this meeting on principle, and referred for discussion of details to a conference composed of Chinese and foreign authorities as well as of representatives of each national body of merchants. This conference drafted a constitution and rules for the Min River Conservancy, an instrument which received the approval of the Central Government and of the Diplomatic Body in January 1919. On the 3rd March that year the conservancy surtaxes, authorised by the rules, came into operation, and in April of the same year the Inspector General was able to inform the Commissioner that the Diplomatic Body had approved of the Chinese Government's loan of \$630,000 from revenue for the Min River Conservancy scheme. The loan agreement between the

Inspector General, as representative of the Government, and delegates of the Min River Conservancy Board was signed on the 1st July 1919, and the total amount of the loan paid over between the 1st October and the 31st December that year. The agreement stipulates (1) that the Board is to pay 5 per cent interest per annum on the 1st April and the 1st October each year, beginning on the 1st April 1920, (2) that repayment of the principal, by semi-annual instalments, is to begin on the 1st April 1922 and be completed within 20 years from payment of the first instalment, and (3) that the total proceeds of the conservancy taxes are to be held as security for these payments. Redemption duly began on the 1st April 1922 according to the amortisation table drawn up by the Board in that year. Owing to the failure of the Banque Industrielle de Chine and the consequent locking-up of Conservancy funds, it was agreed in April 1926 by all concerned that payment of interest and principal, according to the original amortisation table, was to cease as from the 1st October 1925, the date of the last payment actually made, and was to be resumed according to a new schedule from the 1st April 1928. This new schedule, by increasing the amount of each instalment, provides for the extinction of the loan on the original date, viz., 1st October 1941. A further moratorium of one year was authorised in May 1928. After eight years of persistent effort and the expenditure of over a million dollars the channel had been so successfully dredged and the current of the river trained that it became possible to make arrangements to demonstrate early in May 1927 that the channel from Pagoda Anchorage to Nantai was open to navigation to vessels drawing from 11 to 14 feet, and to mark the channel a supply of nun buoys was ordered. On the 31st March 1927, however, the *de facto* provincial authorities seized the Conservancy offices and plant, declared the Conservancy Board suspended, and dismissed the entire staff. All efforts to reason with the authorities at the time were unavailing, but by November 1928 the new General Board submitted of its own accord to the Consular representatives on the former Board a memorandum defending its action in having taken over the Conservancy organisation on the ground that for the proper conserving of the river it was necessary to survey and conduct operations on the upper reaches of the river as well as in the section between Nantai and Pagoda Anchorage, and that such work in the upper reaches could naturally be undertaken only by the Chinese authorities. The new Board, however, guaranteed full recognition of the loan from Customs revenue and undertook that conservancy work, under competent technical direction, should be continued, and that the funds derived from conservancy dues should be

devoted solely to the work on the section between Nantai and Pagoda Anchorage. The matter was referred by the Consuls to the Diplomatic Body with the result that, by an exchange of notes in March 1929 between the Chairman of the Fukien Provincial Council and the Senior Consul in Foochow, it was agreed that the original Board should accept the arrangement proposed as a full and effective discharge from its collective and individual responsibilities and obligations under the constitution of the Min River Conservancy inaugurated in October 1918, and as a full and effective transfer of these responsibilities and obligations to the Provincial Government of Fukien. In view of this the Commissioner of Customs, as honorary treasurer of the original Board, was instructed, on the 8th April 1929, to hand over to the provincial authorities such Conservancy funds as he still held in trust for the former Board. The Customs, however, were to continue to collect the conservancy surtaxes on behalf of the Board; but since October 1925 no further payments, either for interest or principal, have been made towards liquidation of the loan from revenue. It should be noted that in accordance with the practice, sanctioned by the Government, of devoting interest on revenue accounts to the payment of opium seizure rewards, the interest payments of this loan up to October 1925 were temporarily paid into the Inspector General's Service Account for this purpose, while the repayments of principal went direct to the Revenue Account. In March 1934 the Ministry of Finance approved the recommendations of the Fukien Provincial Government for the establishment of a Min River Improvement Commission (閩江工程委員會), composed of one representative each from the Fukien Provincial Government, the Foochow General Chamber of Commerce, the Ministry of Finance, the Ministry of the Navy, and the National Economic Commission, to supervise the completion of the works undertaken by the Min River Conservancy Bureau. The Commissioner of Customs was appointed as the representative of the Ministry of Finance on this Commission. At the first meeting of the Commission, held on the 12th April 1934, it was resolved that preparations should be made for the laying of mooring buoys in Nantai harbour, for the erection of wharves and godowns near Yutunchow, and for the building of a short road to join the Foochow-Mamoi highway. These and allied projects are still under consideration, but the opinion of experts is that Nantai harbour is already over-crowded with launches and junks and much too restricted in area to allow of development as a harbour for ocean-going steamers. At the second meeting, held on the 1st June, the Commission decided to do away with the Conservancy Bureau and to put in its place a Min River Engineering Department (閩江下

游工程處) under the direct control of the Commission. A budget was passed on the basis of an estimated income of \$218,000, which allows an approximate balance of \$70,000 for the service of a proposed loan to finance the erection of wharves and godowns near Mamoi.

KWANGTUNG BOARD OF CONSERVANCY.

The Board of Conservancy Works of Kwangtung dates from 1914, in which year a Presidential Mandate appointed Admiral T'an Hsüeh-hêng (譚學衡) as Director General. Previous to this the Customs Marine Department had conducted a survey of the Canton River—begun in 1904—and had done much towards the establishing of a bunding-line and the removing of barriers from the fairway. The question of taking measures to deal with the prevalent floods in the Canton deltas was first mooted in January 1913 in a report to the Inspector General by the Coast Inspector, Captain Tyler, who suggested a survey of the East River by the Marine Department with a view to devising means to cope with the constantly recurring summer floods. Disastrous floods occurred in June 1914, one of the direct outcomes of which was the creation of the Conservancy Board. A scientific survey by the Board's engineers was commenced in June 1915 and completed in June of the year following. Field work was continued up to the middle of 1919, by which time the whole flood area of the West, the North, and the Canton Rivers had been surveyed and a complete scheme worked out for the control of floods in this area. Funds to cover the cost of the survey and to maintain the Board were provided partly by the Cantonese Club at Peking and partly by grants from the provincial government. No funds, however, were available for the construction of preventive works till April 1919, when, on the initiative of the Inspector General, a sum of *Shanghai Tls.* 716,926 (= *Hk.Tls.* 643,560.144) was, with the sanction of the Central Government and of the Diplomatic Body, appropriated from foreign revenue to enable the Conservancy Board to carry out some of its more urgent flood preventive measures. This sum was appropriated locally by instalments during the months April to August 1919 and yielded a total of \$1,086,784.45. In November of that year a release of Customs revenue surplus was authorised, and of this the sum of *Sh.Tls.* 465,800 was allotted to the Canton Government, which, after representations by the Canton Commissioner, handed over to the Board out of this latter sum a grant of \$60,000 towards works on the Canton River, and shortly afterwards notified its intention of allotting \$30,000 out of every subsequent revenue

release to the same object. Unfortunately, this intention lacked fulfilment. Dissension broke out among the leaders of the Southern Government, and on the 29th March 1920 Dr. Wu T'ing-fang, the Minister of Finance and of Foreign Affairs, abandoned his post, taking with him the seals of office, and sought refuge first in Hongkong and later in Shanghai. In the absence of a duly recognised Minister of Finance releases of revenue surplus to the Southern Government automatically ceased, but from March to December 1920 the Inspector General, with the approval both of the Central Government and of the Diplomatic Body, temporarily retained the quotas of releases of revenue surplus that would under happier circumstances have gone to the Southern Government. Finally, however, in April 1921 the Central Government decided that these retained quotas should not be left idle but be allocated to specific objects, and agreed that the sum of *Sh.Tls.* 420,000 out of this withheld surplus should be paid over to the Canton Conservancy Board. This was effected during April and July that year by local withdrawals from revenue, such withdrawals being treated as revenue remittances to the Inspector General's Revenue Account. Their outturn in dollars amounted to \$570,676.22. By June 1923 the Board's funds were rapidly approaching exhaustion; the grants from the Central Government for flood prevention works were practically all spent, while the contributions from the Southern Government towards the Board's administrative expenses had dwindled to near vanishing point. To save the Board from extinction the Inspector General, in June 1924, advanced to it from his Service funds a sum of \$100,000, on which the first charge was to be the repayment to the Sunglung Creek Account* of the amounts advanced from that account for the Board's administrative expenses. This relief measure saved the situation and enabled the Inspector General to press forward his negotiations with the Government and the Diplomatic Body. His scheme aimed at providing, not only the funds necessary for the maintenance of the Conservancy Board and the continuance of its flood prevention measures, but also for the raising of funds from conservancy fees for the carrying out of much-needed harbour improvement works. For each of these two departments of conservancy activities it was estimated that the sum of \$250,000 per annum would be required. This amount, so far as the measures necessary for flood prevention are concerned, the Inspector General proposed should be appropriated locally from Customs revenue, while the harbour improvement works should be

* An account for \$200,000 subscribed locally for the erection of dikes and flood-gates on the Sunglung Creek.

made dependent, as elsewhere, on conservancy fees to be levied on shipping and cargoes. This proposal was finally sanctioned by the Government and approved by the Diplomatic Body, so that from the 1st November 1924 the Canton Commissioner was authorised to pay each month to the Board of Conservancy Works of Kwangtung the sum of *Hk.Tls.* 12,600 from Maritime Customs revenue and *Hk.Tls.* 1,400 from Native Customs revenue as the Central Government's grant in aid of the Board's flood prevention measures. In August 1929, by order of the National Government, the Board was reorganised under the title of Kwangtung River Conservancy Commission, and a civilian instead of a military man was appointed as chairman. From that date the Commissioner of Customs ceased to act in the capacity of honorary treasurer. On the abolition of the *intra-50-li* Native Customs establishments on the 1st June 1931 the subsidy from the Native Customs revenue ceased, but the deficit was made good by a corresponding increase in the grant from the Maritime Customs revenue. This grant now amounts to \$21,812 a month.

CHEFOO HARBOUR IMPROVEMENT LOAN.

Proposals for the improvement of Chefoo harbour, backed by the shipping and trading interests of the port, were first seriously brought forward towards the close of 1905. It was then suggested that a breakwater should be built at an estimated cost of *Hk.Tls.* 1,550,000, to be paid for from wharfage dues and fees on vessels coming within the sheltered area. The proposal did not commend itself at the time to the higher authorities and so failed to eventuate. In January 1910, however, the question was again raised through the Commissioner, and on the advice of the Inspector General was finally submitted through the local Consular Body to the Diplomatic Body. In November 1912 Sir John Jordan, then Dean of the Diplomatic Body, submitted a memorandum on the subject to the Wai-chiao Pu, and in the month following the Wai-chiao Pu informed the Dean that the Diplomatic Body's proposal for the creation of a Chefoo Harbour Improvement Commission had been approved, and that, by arrangement with the Tutu of Shantung, the chairman of the Commission was to be an official of the Chinese Government. The Commission was to consist of five members—the Superintendent of Customs as chairman, the Commissioner of Customs, a representative of the Chefoo Consular Body, the chairman of the Chefoo General Chamber of Commerce, and the chairman of the Chefoo Chinese Chamber of Commerce. Nothing definite, however, resulted till May 1913, when all parties concerned at last reached

CONSERVANCY WORK ON THE UPPER YANGTZE:
ICHANG-CHUNGKING.*

From time to time the local inhabitants have, at various places, taken local action of a conservancy nature; as for instance, as far back as 1866 a breakwater was constructed on the up-river side of a watercourse debouching into the Yangtze at Tungyangtze. The object of this breakwater was to prevent detritus from being deposited in the river immediately opposite the mouth of the watercourse, and to deflect it in a down-river direction where it was presumed that it would be dispersed easily.

In 1914 an inspection was made of the Upper Yangtze by Captain Mÿrhe, then Deputy Coast Inspector. He submitted a report which mainly dealt with the establishment of signal stations, control of vessels, steering rules, water-marks, etc., but the removal of rocks and rocky spurs was also suggested.

In April 1915 the late Captain Plant was appointed River Inspector and he submitted proposals for the improvement of the rapids and races, etc., by the deflection of detritus in a similar way to that carried out at Tungyangtze in 1866, by relieving water pressure at various points and correcting cross-currents, by the removal of the high portions of obstacles jutting out into the channels at about a 20-foot level, and by cutting by-channels to provide additional outlets for the heaped-up masses of water at these narrow and dangerous places.

In 1917 Mr. Liu Hsing Yuan was commissioned by the Government at that time to make improvements on the Upper Yangtze. A Conservancy Board was formed, on which Captain Plant was given a place. A number of projects were started with considerable energy, but lack of funds prevented any renewal of operations after 1917.

In March 1929 tentative plans were drawn up with a view to carrying out improvements in the Kunglingt'an rapids, and during the low-level season of 1929-30 a detailed survey of the area and the rocks concerned was made. Subsequently the Kunglingt'an Improvement Commission was formed, and a levy was imposed on shipping to obtain funds to enable the Commission to carry out the suggested improvements.

In 1931-32 the first serious attempt, under the direction of Captain R. G. Everest, Upper Yangtze River Inspector, assisted by an explosives expert seconded from the Nobel's Explosives Co.,

* Extract from Marine Department Report for 1937.

Ltd., was made to improve the Kunglingt'an. It was the intention to remove certain rocks in the North Channel, but removal of these rocks was found to be impracticable, and investigation was made into the possibility of removing certain rocks in the South Channel. In 1932-33 operations were resumed, and Mr. H. R. Dixon, B.Sc., Mining Engineer, evolved and submitted proposals for sinking shafts into, and tunnelling under, the two important rocks which had to be removed. He was engaged to supervise the tunnelling and demolition by explosives, and, under the direction of the River Inspectorate, acting on behalf of the Kunglingt'an Conservancy Commission, work was undertaken during the low-water season. After sinking shafts and tunnelling at both the rocks and filling the excavations with explosives, the mine was exploded on the 22nd March 1933. The result of this was the complete removal of one rock and the removal of a large proportion of the second rock. Unfortunately, however, a pinnacle of rock, having a depth of 2 feet over it at dead low water, remained, and though a noticeable improvement had been made in the currents in the vicinity—an improvement which actually made navigation in the North Channel more safe,—the existence of this pinnacle deterred pilots from using the South Channel. Plans were then considered for the removal of the remaining pinnacle in order to complete the improvement of this section of the river. In October 1935 the Upper Yangtze Conservancy Board was organised, and Captain Frandsen, River Inspector, was appointed as Technical Adviser, and Mr. Dixon was appointed Engineer and Technical Adviser.

The collection of conservancy dues commenced on 1st February 1936, and staff were engaged. A scheme was prepared to improve the conditions at Chaipantzu by building a breakwater, and final plans were made for an attempt to complete the removal of the pinnacle at the Kunglingt'an. These two proposals were submitted to the Government for approval. The proposals were favourably received, and a reply was given by the Generalissimo that the Customs were to attend to the rock removal and indicated that he wished the Inspector General to see that the work was carried out under his supervision so as to ensure success as well as economy.

Preparations were pushed ahead, and an Assistant Engineer was engaged. This officer was sent to Chaipantzu in December to oversee the building of the breakwater.

The unprecedented low water in the 1936-37 season enabled the Board to undertake forthwith the demolition of the rock at Kunglingt'an, and a party left Ichang to carry out the work on 24th December 1936.

After considerable preparatory work carried out under extremely difficult conditions, blasting took place between the 7th and 15th March 1937. The blasting had excellent results, removing the rocks to a depth of 9.6 feet below zero and also in considerably straightening the current.

The South Channel is at present being used only by small vessels. Plans are being made to carry on the work of further improving this channel at the next low-water season.

The wall at Chaipantzu was completed on the 2nd March 1937. The wall has given the anticipated improvement to the set of current and consequently to navigation, as some of the summer vessels have been able to pass Chaipantzu at considerably lower levels than before. A reduction of the advisory levels through this channel was then made possible, and this will prolong the period of operations for summer vessels by approximately one month.

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Sir ROBERT HART, Bart., G.C.M.G., LL.D., D.C.L.,
GRAND GUARDIAN OF THE HEIR APPARENT OF CHINA, ETC.

A BIOGRAPHICAL SKETCH

BY

SIR CHARLES P. LUCAS, K.C.B., K.C.M.G.

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SIR ROBERT HART, BART., G.C.M.G., LL.D., D.C.L.,
GRAND GUARDIAN OF THE HEIR APPARENT OF CHINA, ETC.

*A Biographical Sketch by Sir Charles P. Lucas, K.C.B., K.C.M.G.**

Sir Robert Hart, first baronet (1835–1911), inspector-general of customs in China, born on 20 Feb. 1835 at Portadown, co. Armagh, Ireland, was eldest of the twelve children of Henry Hart, a Wesleyan mill-owner and landed proprietor, by his wife Ann, second daughter of John Edgar of Ballybreagh. His ancestor on the father's side, Captain van Hardt, came over from the Netherlands with King William III, distinguished himself at the battle of the Boyne, and was granted the township of Kilmoriarty. When Hart was twelve months old, his parents moved to Milltown on Lough Neagh, and about a year later to Hillsborough. Hart was sent to school at Hillsborough, then for a year to the Wesleyan school at Taunton, and afterwards to the Wesleyan Connexional School† in Dublin. He reached the top of the last school at the age of fifteen, and won a scholarship at Queen's College, Belfast.‡ There he was a younger contemporary of Edwin Lawrence Godkin,§

* Reproduced with permission from "The Dictionary of National Biography."

† Now Wesley College.

‡ At Queen's University Hart studied the regulation course on the literary side of the Arts school, taking a scholarship in each year, and further distinguishing himself by winning at the end of his second year a general prize and class prizes in Latin (2nd), Logic (1st), and Jurisprudence (2nd), and at the end of his third year a general prize and class prizes in History and English Literature (1st), Physical Geography (1st), and Metaphysics (1st). In his final year he graduated with first honours, winning the senior scholarship in Modern Languages and Modern History and carrying off the University gold medals for English Literature and Metaphysics. Hart was fortunate in his teachers, among whom were such distinguished men as James McCosh, the Professor of Logic and Metaphysics, George Lillie Craik, the Professor of English Literature and Modern History, Thomas Andrews, the Vice-President and concurrently the Professor of Chemistry, and T. E. Cliffe Leslie, the Professor of Jurisprudence and Political Economy.

§ Edwin Lawrence Godkin (1831–1902). After graduation Godkin went to the Crimea, and later to America as correspondent for the "Daily News." In America he founded and edited "The Nation," which Bryce described as "the best weekly not only in America but in the world." Through it he became one of the most influential publicists of his day in the United States. Other students contemporary with Hart were William MacCormac, who saw service as a surgeon both in the Franco-Prussian War of 1870–71 and in the Boer War of 1899–1900, who became surgeon-in-ordinary to H.R.H. the Prince of Wales (afterwards King Edward VII), president of the Royal College of Surgeons in England, a K.C.V.O., and a baronet; David Graham Barkley, who passed high into the Indian Civil Service and became Judge of the Supreme Court of the Punjab and a member of the Legislative Council of India; Thomas Dunbar Ingram—younger brother of John Kells Ingram, author of the famous lyric "Who fears to speak of '98,"—who became Professor of Law and Jurisprudence at the Presidency College, Calcutta, and who wrote a "History of the Union" which involved him in a controversy with Gladstone; and Andrew Marshal Porter, who became M.P. for County Derry, Solicitor General, Attorney General, Master of the Rolls in Ireland, a baronet, and a Privy Councillor.

and he graduated B.A. in 1853 with honours. He was always interested in the affairs of Queen's College,* where he proceeded M.A. in 1871 and was made hon. LL.D. in 1882.

In the spring of 1854 a nomination for the consular service in China was given by the foreign office to each of the three Queen's Colleges in Ireland.† Hart received without examination the nomination which fell to Queen's College, Belfast, and he left for China in May 1854, being then nineteen years old.

Starting as a supernumerary interpreter, Hart after three months at Hongkong was sent via Shanghai, which was then in the hands of the 'Triad Society,' to Ningpo.‡ He was at first supernumerary and in 1855 assistant in the vice-consulate at Ningpo, and acted for some months as vice-consul. In March 1858 he was transferred to the consulate at Canton, and from April held the position of second assistant, acting also for some time as first assistant.

As the result of the Chinese war, which was temporarily concluded by the Treaty of Tientsin, Canton was in the earlier part of 1858 jointly occupied by an Anglo-French force. Hart was made secretary to the allied commissioners,§ serving in that capacity under Sir Harry Parkes. Subsequently his official chief at the consulate was Sir Rutherford Alcock.

* "He loved the University, and took an interest in it second only to his Chinese official work: he felt he owed his start in life to it, and when he had achieved success, he was proud to have been one of its Pro-Chancellors."—Dowager Lady Hart to the Rt. Honourable Rev. Dr. Thomas Hamilton, Vice-Chancellor of Queen's University, 20th October 1911.

† These nominations were given by the Earl of Clarendon, Minister of Foreign Affairs in the Aberdeen Cabinet, who had decided to put into force the scheme which Sir John Bowring, then Governor of Hongkong and British Plenipotentiary in China, had persistently advocated, namely, the building up, through examination of selected candidates, of a strong consular service for China and Japan. When Lord Lieutenant of Ireland, Clarendon had been Chancellor of the Queen's University, and this, no doubt, was one of the main reasons for his putting these nominations at the disposal of the University.

‡ It was here that Hart first met Dr. W. A. P. Martin, the well-known American sinologue, whom he afterwards had appointed to be President of the T'ung Wên Kuan (*antea*, vol. 1, p. 96, footnote). It was here, too, that Hart first began his serious study of Chinese, his first textbook being the works of Mencius. Ningpo in those days was famous for its fleets of lorchas, sailing under foreign flags, many of them engaged in convoy work, which in not a few cases was a mere disguise for blackmail and smuggling. It was also commercially in close and constant touch with Shanghai—only 134 miles distant,—and at this latter port was just then being tried the experiment—born of the seizure of the native city by the Triad rebels and the breakdown of the Chinese Customs administration—of running the Custom House under foreign inspectors. From his work in the Ningpo Consulate Hart was thus at the very outset of his career brought face to face with the conditions that rendered necessary this foreign control and with the insistency and importance of the Customs issue in China.

§ From the 10th January 1858 the government of the city of Canton was placed in the hands of the Governor General Pih Kwei (柏貴), assisted by an Allied Commission consisting of Captain F. Martineau de Chenez, Colonel Thomas Holloway, and Consul Harry S. Parkes (*vide* F.O. 17/285: Elgin to Clarendon, desp. No. 6, 9th January 1858). Hart in the position of secretary to this Commission

In May 1854, when the walled native city of Shanghai was occupied by Triad rebels against the Manchu government, the Chinese custom-house re-opened in the foreign settlement of Shanghai. It was resolved to collect there imperial revenue under the joint protectorate of Great Britain, the United States, and France. Each country was represented by its consul, the British consul being (Sir) Thomas Wade. It was thus that the Imperial Maritime Customs of China were inaugurated.* The American and French representatives soon resigned from the triumvirate, and were not replaced; and Wade was succeeded in the sole charge or superintendence of the imperial customs at Shanghai by H. N. Lay, vice-consul and interpreter in the Shanghai consulate.

The success of the new system at Shanghai led the viceroy of Canton to invite Hart to undertake the supervision of the customs at Canton. With the permission of the British government he resigned the consular service in 1859, and joined the new Chinese imperial maritime customs service as deputy-commissioner of customs at Canton. He remained in Canton till 1861. After the war of 1860 between Great Britain and France on the one side, and the Chinese government on the other, and the conclusion of the convention of Peking in Oct. 1860, the imperial collectorate of customs at the treaty ports was in 1861 formally recognised and invested with regular powers by the Chinese government.

During 1861-3 Lay, who had become inspector-general of the customs, was on two years' leave in Europe owing to injury in a riot. In Lay's absence Fitzroy, previously private secretary to Lord Elgin, and Hart acted for him as officiating inspectors-general.† Fitzroy

made acquaintance with, and won the goodwill of, highly placed Chinese officials, a fact which proved invaluable to him in his after career. Alcock pays a glowing tribute to Hart in this connexion: "His intimate personal acquaintance with the High Authorities, the good relations he has maintained with them of a personal nature give him an advantage in the transaction of the public business, under existing circumstances, which I have no hesitation in saying . . . no other Interpreter can bring to the office. I will only add that I attach great importance at this moment to the aid and instrumentality of Mr. Hart as Interpreter, and a present medium of communication in building up a new system of intercourse with all the Chinese officials, and I do not believe any Interpreter, however superior in knowledge or talent, could be as effective an instrument with those who are now in office, and who have been already on terms of familiar and friendly intercourse with him in the transaction of public business for a long period." (F.O. 228/249; Alcock to Bowring, desp. No. 169, 25th November 1858.)

* For detailed and fully documented account of the origin of the foreign inspectorate of Customs at Shanghai, *vide* Wright: "China's Struggle for Tariff Autonomy, 1843-1938," pp. 83-128; Fairbank, J. K.: "The Creation of the Foreign Inspectorate of Customs at Shanghai" in "The Chinese Social and Political Science Review," January and April 1936.

† It was not until the 30th June 1861 that Fitzroy and Hart received from Prince Kung, the head of the Tsungli Yamên, the formal despatch appointing them Officiating Inspectors General (*antea*, vol. i, p. 1). Previous to that date their authority rested on a despatch from the Imperial Commissioner Hsieh Huan (薛煥), to whom they had been recommended by the Inspector General H. N. Lay.

remained at Shanghai, while Hart organised the customs service at Foochow and other treaty ports. He also visited Peking at the invitation of the Tsungli Yamen,* and stayed there with the British minister, Sir Frederick Bruce. The advice which Bruce gave him stood him in good stead in future dealings with the Chinese. On Lay's return in May 1863 Hart took up the duties of commissioner of customs at Shanghai with charge of the Yangtze ports. But Lay resigned† a few months later, and Hart was appointed his successor. Thus at the age of twenty-eight Hart became inspector-general of the imperial maritime customs; and, although he tendered his resignation in 1906, he nominally held the post till his death.

When Hart became inspector-general the Taiping rebellion, which on his arrival in China was at the floodtide of success, was succumbing to the influence of Gordon and 'the ever-victorious army.' Hart met Gordon, with whom he formed a strong friendship, in the spring of 1864. He was largely responsible for reconciling Gordon and Li Hung Chang at Soochow in that year,‡ and he was present at the taking of Chang Chow Fu. The rebellion ended in 1864, and Hart had much to do with the disbandment of the 'ever-victorious army.' In the same year he inspected the Chinese customs houses in the island of Formosa, and normal times having returned to China and its government, he was summoned to live at Peking, which thenceforward became his headquarters and permanent dwelling-place. There he exercised a genial hospitality, indulging a taste for music by maintaining a private band. He rarely moved from the capital during his long residence in China. A perfect master of the language, he wrote in Chinese, after his visit to Formosa in 1864, suggestions on Chinese affairs under the title of 'What a Bystander says.'§

* For note on origin of the Tsungli Yamên, *vide antea*, vol. i, p. 1.

† Lay disagreed with the Tsungli Yamên on the question of the control of the Sherard Osborn fleet. When organising this fleet in England in 1862, Lay had entered into an agreement with Captain Sherard Osborn without consulting the Chinese Government, the terms of which stipulated *inter alia* (1) that Osborn, as Commander-in-Chief, was to have entire control over all vessels of European construction, as well as native vessels manned with Europeans, that might be in the employ of the Emperor of China or under his authority; (2) that Lay should procure from the Emperor such an authority as might be necessary to cover Osborn's acts as the Commander-in-Chief of the European Chinese navy; (3) that Osborn undertook to act upon all orders of the Emperor which might be conveyed direct to Lay, and that Osborn engaged not to attend to any orders conveyed through any other channel; and (4) that Lay upon his part engaged to refuse to be the medium of any orders of the reasonableness of which he was not satisfied. The Tsungli Yamên refused to ratify such an agreement. The fleet was sent back to England, and Lay was dismissed. (*Vide antea*, vol. vi, pp. 133-144. H. N. Lay: "Our Interests in China," London, 1864, *passim*. B.P.F.: China No. 2, 1864. Morse: "The International Relations of the Chinese Empire," vol. ii, pp. 34-46. Wright, *op. cit.*, pp. 167-176.)

‡ For Hart's description of this incident, *vide antea*, vol. vii, pp. 70-78.

§ The Chinese title of this work is: "幫官論."

Until he finally left China—nominally on leave—in 1908, he only twice revisited Europe, the first time for six months in 1866, when he took with him some Chinese to see the world,* and again in 1878, when he went as President of the Chinese commission to the Paris Exhibition.

Though not the first originator, Hart was the practical creator of the imperial maritime customs service of China, 'one of the most striking monuments ever produced by the genius and labour of any individual Englishman' (*The Times*, 10 Jan. 1899). The working of the system was largely dependent on his personal exertions. To his labours he brought great power of work and organisation, a strong memory and mastership of detail, thorough knowledge of Chinese methods and modes of thought, together with tact and Irish kindness. As more ports were opened to foreign trade, the scope of Hart's duties extended, and owing to the efficiency of the service other than customs duties passed into its charge. The service included the lighting of the coast and inland waterways of China.† The imperial post-office, which was formally established in 1896,

* The Chinese selected to proceed to Europe—not as an accredited envoy but as an official delegate to observe and report on Western ways—was Pin Ch'un (斌椿), a minor Manchu official, who had been a prefect and who was then in the employ of the Inspectorate of Customs as a writer. Pin's party consisted of himself, his son, three Chinese secretaries, and Messrs. E. C. M. Bowra and E. de Champs, two Customs assistants detached for the purpose. At Paris the party was received by the Minister of Foreign Affairs and was entertained at endless functions and sightseeing excursions. In London it was received by Lord Clarendon, given a garden party by Gladstone, invited to a state ball at Buckingham Palace, and received in audience by the Queen. The party then visited Belgium and the Netherlands, and went thence to Hamburg, Copenhagen, Stockholm, St. Petersburg, Berlin, Potsdam, and Essen, at all of which places it was royally entertained. On his return Pin wrote a native account of his travels, but had nothing favourable to report. From the point of view of bringing China into closer and more friendly relations with foreign Powers, the mission was a recognised failure; but it had its value as a precedent for the more ambitious and more authoritative Burlingame mission, and as pointing the way to the necessity of creating a foreign diplomatic service.

† In pre-treaty days the Chinese Customs authorities at Canton had been in the habit of levying exceedingly heavy measurement fees and ship dues on every foreign vessel entering the port. The levy of these charges roused much resentment as no harbour and docking facilities and aids to navigation were provided. When negotiating the treaty of Hoonunchai, Sir Henry Pottinger drew the attention of the Chinese Imperial Commissioner to this fact, remarking that: "in considering the anchor and harbour charges it is to be borne in mind that the Government of China has hitherto done nothing towards facilitating commercial intercourse by building lighthouses, laying down buoys or moorings, and erecting beacons, and therefore it necessarily follows that these charges should be exceedingly light, and equally well defined as the duties." (F.O. 17/66: Pottinger to Aberdeen, desp. No. 7, 6th February 1843.) The tonnage dues then agreed upon were very light, but all the same as there was no definite stipulation in any of the early treaties regarding the use to be made of these dues, the Chinese Authorities felt justified in devoting them to general purposes. A few years later came the Taiping Rebellion when every cent of revenue, no matter what its origin, was needed for the suppression of that uprising. In the latter part of the fifties, when discussions on the proposed revision of the treaties were rife, foreign merchants and chambers of commerce gave loud-voiced expression of their discontent at this state of affairs. Accordingly by Rule 10, made in pursuance of the British Treaty of Tientsin, it was stipulated that the tonnage dues collection should be drawn upon to provide for the maintenance of

became, too, one of its branches, and Hart's title was then changed to inspector-general of Chinese imperial customs and posts.* Hart's

lighthouses and other aids to navigation along China's coast and waterways. Owing, however, to the fiscal drain caused in suppressing the Taiping Rebellion, it was not till January 1865 that the Government was in the position to listen to the representations of their Inspector General and to entrust him with one-tenth of the tonnage dues collection for harbour improvement works (*vide antea*, vol. i, p. 49). This marked the beginning of the Customs Marine Department, which has developed so many varied activities, such as harbour control, erecting and tending lights, buoys, and beacons, and aids to navigation generally, conducting when required coast and river surveys, producing charts, and keeping meteorological records. From the 1st April 1868 the allocation for these purposes was increased to seven-tenths of the collection, while the remaining three-tenths, at any rate up to the time of the Boxer uprising in 1900, was allocated to the Tsungli Yamén for the education of Chinese students on Western lines (*vide antea*, vol. i, pp. 85, 86, 202-226). The raising of the allocation from the tonnage dues collection from one-tenth to seven-tenths enabled Hart to take in hand seriously what he had long thought of, namely, the creation of a special department to supervise harbours, superintending the anchoring of ships, the policing of the anchorages, the examination and appointment of pilots, to take over the erection, control, and maintenance of necessary aids to navigation, more especially of lighthouses along the coast, and to arrange for the removal of wrecks and the improvement and conservation of channels leading to harbours. To make sure that the limited funds available should not all be swallowed up in salaries, Hart organised the department so as to make the maximum use of men and material already existing in the Customs Service. At the head he placed a Marine Commissioner, who was to be assisted by a harbour engineer, two coast lights engineers, and three divisional inspectors. Each port was to have its harbour master, who was to rank under the inspector of his division (*vide antea*, vol. i, pp. 86-95, 100, 101). As time went on this scheme underwent alteration. In the year of its inception the northern and the central sections were amalgamated under one divisional inspector at Shanghai. Three years later (1871) the post of Marine Commissioner was abolished, and divisional inspectors were done away with in 1879, and in 1881 the post of Coast Inspector was created. The first holder of this post was Captain A. M. Bisbee (*vide antea*, vol. v, p. 289, footnote), to whom Hart had granted a special term of leave in order that he might go and study light-house and harbour administrations in the United States. Thanks to Hart's cautious policy of never taking a step in advance unless he was sure that the ground was firm, and thanks to the exceptionally able men whom he secured as his lieutenants, men like Bisbee and Tyler as Coast Inspectors, and David Marr Henderson and Harding as Engineers-in-Chief, Hart succeeded in building up a vigorous Marine Department, which at the time of his death in 1911 had a personnel of 895, of whom 114 were foreigners and the rest Chinese, and an equipment of 132 lighthouses, 45 light-vessels and light-boats, 138 buoys, and 119 beacons, with a flotilla of surveying and lights-tending steam vessels. Since Hart's death progress has been continued, not only along the coast, where wireless beacons have now been added at some places in addition to the lighthouses and other aids, but also on that mighty waterway of trade, the Yangtze, with its thousand miles of navigable water between Woosung and Chungking—one of the trickiest waterways in the world. In spite of all perils from floods and bandits, the Marine Department by its lightships, buoys, and beacons, always kept in proper place, and when necessary by its system of convoys has robbed the Yangtze of the dangers to navigation from its ever-shifting shoals and channels and its sunken rocks. (*Vide* "The Coastwise Lights of China," S.O. Cir. No. 101, *antea*, vol. v, pp. 292-295, which describes in detail how Hart liquidated his declaration that he would render navigation on the coast of China as easy as walking down Broadway by gas-light.)

* By the British Treaty of Tientsin (Article IV) the Chinese Government bound itself to permit the carriage of Legation mails from Peking to whatever seaport the British Minister should choose, and *vice versa*. From 1861 to 1866 this Legation postal service was provided by the Tsungli Yamén, who employed for the purpose regular Government couriers. After the Inspectorate of Customs had been definitely located at Peking in the autumn of 1865, the Tsungli Yamén, mindful, no doubt, of Hart's recommendation to Prince Kung in 1861 that China should have an Imperial Post Office, entrusted the arrangements for this Legation mail service to

department proved the one branch of Chinese administration which followed Western lines and was at once efficient and honest. It was

the Customs, and this led to the establishing of post offices at the Inspectorate General in Peking and at the Custom Houses in Tientsin, Chefoo, Newchwang, Chinkiang, and Shanghai. Out of this, by a process of natural evolution, came the Customs Post, or Shu Hsin Kuan (書信館) as the section for Chinese mail was called, which carried correspondence not only for the foreign Legations and the Customs Service, but also for the general public at the treaty ports. So successful was the venture—in spite of cold shouldering from Sir Thomas Wade, the British Minister (*vide antea*, vol. ii, p. 55, footnote)—that in 1878 China was invited to join the International Postal Union, a step which had to be deferred as the I Chan (驛站), or official courier post, the Min Chü (民局), or popular letter-carrying firms, and the postal agencies established at various treaty ports by foreign governments had not then been absorbed or eliminated. It was in this same year, 1878, that the first issue of Chinese postage stamps appeared, comprising a set of three values in the tael currency—one, three, and five candareens. Hart had before him no easy task. On the 20th March 1896 the Government finally took the step of having a Decree issued ordering the creation of an Imperial Post Office, to be under the direction of the Inspector General, who thus became Inspector General of Customs and Posts (*vide antea*, vol. ii, pp. 42–69). The Imperial command, however, gave him neither the necessary power, nor the financial appropriation, nor the monopoly, which such an appointment would have carried with it elsewhere. The I Chan was not abolished, neither were the Min Chü forbidden to operate. Both of these well-entrenched organisations regarded the new Post Office as an upstart institution. The Min Chü especially had the advantage of an experienced staff and of special facilities for “clubbed mails” at favourable rates. But difficulties inspired Hart. He had no trained postal staff and no special funds for the task before him, so he fell back on Customs men and Customs funds, determined that sooner or later he would supplant the Min Chü in popular favour by providing a cheaper, safer, and speedier service. The foreign postal agencies were quite willing to leave to China the burden of collecting and delivering mails in China, but they had no intention of giving up their subsidised mail-steamer services. Coast and river steamers flying foreign flags could not be compelled to carry the mails of the Chinese Post Office to the exclusion of those of foreign postal agencies or of Min Chü offices. On the well-secured basis, therefore, of the Customs organisation Hart founded the Posts, making each Customs district the unit of area for postal operations. The Commissioner of Customs at each treaty port was created *ex officio* District Postmaster, and members of the Customs Staff attended to the secretarial and accounting duties. The actual handling of mails, the sale of stamps, etc., called for a special staff, and this was slowly created as circumstances and growth demanded. The direction of postal affairs under the Inspector General was entrusted to a Postal Secretary of Commissioner’s rank, his headquarters being first at Shanghai and later at Peking. It was impossible for such a service to earn enough to pay its way, but it was not until 1904 that the Government was able to vote it a maintenance allowance of Tls. 720,000 a year, an allowance which the provincial treasuries affected were never able to pay in full (*vide antea*, vol. ii, pp. 421–426). To ease the financial strain and to secure the co-operation of foreign steamers in the carrying of Chinese mail, Hart proposed to refund to any steamship company half of the special permit fees paid to the Customs for work done after Customs hours and on Sundays and holidays in return for the undertaking that such company would carry coastwise without further charge the mails of the Chinese Post Office and refuse such carrying facilities to all others except those of the company’s own nationality. The offer was accepted by all the companies. This monopoly of steam transport brought about the registration of the Min Chü and finally the sending of their mail matter in “clubbed mails” through the Post Office. In 1896 the Chinese Government approached the Conseil Fédéral Suisse, informed it of the creation of the Imperial Post Office and of the intention to join the International Postal Union as soon as the Chinese postal organisation was sufficiently perfected, but that in the meantime China would observe Union practices and rules at all her postal establishments. In the following year this declaration was repeated before the Universal Postal Congress at Washington. In February 1900 China signed her first postal convention with France, to be followed three years later by one with Japan, and in 1904 by conventions with India and Hongkong. These conventions granted reciprocity of

worked scrupulously for the benefit of China. Hart's European officers were not drawn exclusively from British subjects,* and he never subordinated Chinese to British interests.

service in the receipt, transport, and distribution of mail matter franked at Union rates. Through the intermediary of these contracting administrations China was placed in the same relation with all Union countries as if she were a regular member of the Union. China was ready to render complete and formal adhesion to the Union in 1914, but the Postal Congress which that year was to have been held at Madrid was, on account of the Great War, deferred till 1920. In the meantime an Imperial Decree of 28th May 1911—just four months before Sir Robert Hart's death—announced the severance of the Post Office from the parent Service, the appointment of H.E. Li Ching-fang as Director General of Posts and of Mr. T. Piry as Postmaster General (*vide antea*, vol. iii, pp. 16-29). At the time of Hart's death the Chinese Post Office had a personnel of almost 12,000, of whom 99 were foreigners of 12 different nationalities and the rest Chinese, manning over 7,000 separate offices and postal agencies, scattered over the length and breadth of the Empire, operating 120,000 miles of mail lines and responsible for the safe carriage annually of some 200,000,000 letters and 1,500,000 parcels. To-day the number of separate offices and postal agencies is multiplied sixfold, the mail lines mileage over threefold, the letters carried over fourfold, and parcels fivefold. Even with this encouraging growth the service is as yet—considering the area and the population to be served—only in its infancy. Nevertheless, it stands as a miracle of able, patient, and adroit organisation, but this miracle could not have been effected without the strong and constant support of the great Viceroy Li Hung-chang, or without the able and devoted help of such men as Detring at Tientsin, van Aalst, T. Piry, A. E. Hippisley, and J. P. Donovan, not to mention the scores of Commissioners and Customs Assistants at the treaty ports, who gave so unstintingly of their time and labour without expectation of remuneration or reward.

* From its very inception in June 1854 at Shanghai the foreign Inspectorate of Chinese Customs was placed on a cosmopolitan basis, there being one inspector from each of the three Treaty Powers (*vide antea*, vol. vi, pp. 50-55). Sir Frederick Bruce, the first British Minister, was well aware of the importance, and indeed the necessity, of this international basis and pressed his view on Mr. H. N. Lay, the first Inspector General (*vide antea*, vol. vi, pp. 73, 74, 77, 79, 80; also Wright, *op. cit.*, pp. 155, 156). In his memorandum of the 11th January 1862, written by Mr. Lay, in answer to complaints from the Hongkong and the Shanghai Chambers of Commerce, he pointed out that eight ports were then provided with Commissioners and that of these two were British, three were French, two were American, and one was German (*vide antea*, vol. vi, pp. 112, 113). Hart was a firm believer in cosmopolitanism, other things being equal; but he set a higher value on efficiency. When writing his Coast Light memorandum in March 1867, Hart laid down this guiding rule on the recruiting of staff. He remarks: "In the selection of men I shall follow the principle to which I have adhered during the last six years in the Customs; that is, I shall employ them just as they may be required without respect to their nationality, provided individual fitness can be secured, and I shall not aim at exact numerical proportion or attempt to provide a representative of every Treaty Power for every port. The Service will continue to be cosmopolitan in its general constitution: guided by the requirements of the work to be done and by the character and capacity of the individual, appointments, promotions, and dismissal will be dealt out without respect to nationality. A fair attempt will be made to represent the chief Treaty Powers, but the principal object to be aimed at will be to keep in existence, on a cosmopolitan basis, a thoroughly efficient service, and to carry out faithfully and well for the Chinese Government the work it pays for and approves of. Difficult as is the management of a cosmopolitan service, any attempt to carry out a system of numerical proportion, while exciting ill-feeling, disputes, and jealousy, would defeat its own object by the inefficiency in which it would culminate; the fact that the Service is open to all is a sufficient guarantee, on the part of an honest administration, for the interests of each." (*Vide antea*, vol. i, p. 210.) The first "Service List," drawn up in 1873, showed that the foreign In-door Staff consisted of 95 all told, of whom 58 were British, 14 French, 11 German, 8 American, 2 Norwegian, 1 Russian, and 1 Swiss. In the year of Hart's death there was a total staff of 1,345 foreigners and 5,885 Chinese. Of the foreigners, 328 were on the In-door Staff, 861 on the Out-door Staff, 42 on the Coast Staff, 13 on the Engineers

Rarely absent from Peking, and taking, in the opinion of some, too exclusively a Chinese view of affairs, especially in later years, Hart long enjoyed the confidence of the Chinese government, and was entrusted by it with many negotiations affecting China's relations with other countries. In 1876 he, acting with Li Hung Chang, settled at Chefoo with the British minister at Peking, Sir Thomas Wade, the difficulty between China and Great Britain arising out of the murder in 1875 of Augustus Raymond Margary, the result being the Chefoo convention of 1876.* To Hart's co-operation was due the settlement of China's troubles in Formosa and on the Tongking frontier with France in 1885.† France

Staff, 37 on the Harbours Staff, and 64 on the Lights Staff. On the In-door Staff at that time there were 152 British, 38 German, 32 Japanese, 31 French, 15 American, 14 Russian, 9 Italian, 7 Portuguese, 6 Norwegian, 6 Danish, 5 Belgian, 5 Dutch, 4 Swedish, 3 Spanish, and 1 Korean. It should be remembered that all through Hart's life the annual percentage of the total yearly Chinese Customs revenue contributed by the trade in British vessels never fell below 60 per cent, in fact, it was often above 70 per cent, while the number of British in the Service seldom exceeded 50 per cent of the total foreign personnel.

* For text of this agreement, *vide* "Treaties, Conventions, etc.," *op. cit.*, vol. i, pp. 491-499; and for text of Additional Article, *ibid.*, pp. 500-505. For an account of the negotiations preceding the signing of the agreement, in which negotiations Hart played a vital part, *vide* Morse, *op. cit.*, vol. ii, pp. 291-300; Wright, *op. cit.*, pp. 261-265. The text of Hart's "Proposals for the Better Regulation of Commercial Relations," which was written at the request of the Chinese Government to help them at that time, will be found *antea* vol. vi, pp. 352-454.

† During the hostilities between France and China, Hart on several occasions made attempts at reconciliation. It was not, however, till October 1884, when the French seized the Customs lighthouse tender *Feihoo*—on the ground that she had violated the blockade of Formosa—that he was afforded the opportunity of effective intervention. The French Admiral refused to give up the vessel without authority from Paris. Hart accordingly instructed Mr. J. D. Campbell, his agent in London, to proceed to Paris and to negotiate for the release of the lights tender. At the same time he was enjoined to see M. Ferry in person, if possible, and to ascertain from him whether his Government would be willing to discuss peace, and if so on what terms. As soon as the French Government were assured by the Tsungli Yamên that they had placed full powers in Hart's hands, negotiations were taken up, which were kept secret from both French and Chinese officials in China. Thanks very largely to Mr. Campbell's tact, tenacity, ability, and good sense, these negotiations, under Hart's guidance, were completely successful, and on the 4th April 1885 a protocol was signed at Paris agreeing to China's proposals, namely, ratification of the Li-Fournier Convention of May 1884, general cessation of hostilities, and the sending of a Minister by France to China to arrange the details of the treaty. (For Campbell's memorandum on the Paris negotiations, with citation of many of the telegrams then exchanged, *vide antea*, vol. vii, pp. 117-133.) The terms of the Paris Protocol were carried out, and the final treaty was signed on the 9th June at Tientsin by the Viceroy Li Hung-chang and M. Patenotre. (For text of the Li-Fournier Convention, *vide* "Treaties, Conventions, etc.," *op. cit.*, vol. i, pp. 894-896; of the Paris Protocol, *ibid.*, vol. i, pp. 897-899; and of the final treaty, *ibid.*, vol. i, pp. 901-907.) Some of the professional diplomats were inclined to look upon Hart's intervention as encroachment on their territory; but his action originated in defence of Customs Service property for which he was responsible, and he took no step without the full approval and support of the Tsungli Yamên. If complete success be the test of an action, a success welcome to both the principals concerned, then neither Hart nor the Service had any cause for regret.

The year 1885 was marked also by the signing in London of the Additional Article to the Chefoo Convention, which, *inter alia*, stipulated that a commission was to be appointed as soon as possible "to inquire into the question of the prevention

acknowledged his services by making him grand officer of the Legion of Honour. He was no less active in dealing with difficulties over

of smuggling into China from Hongkong." On that commission, which met at Hongkong in the summer of 1886, the representatives of China were Sir Robert Hart and Taotai Shao Yu-lien (邵友濂), while the representatives of Great Britain were Mr. James Russell, Puisne Judge of Hongkong, and Mr. Byron Brennan, H.B.M. Consul at Tientsin. For over 40 years Hongkong had maintained its free trade status, and as it was next door to many important ports on the Chinese mainland, where goods had to pay duty, it is not surprising that this free trade depot soon became a smuggler's paradise. Opium was the chief stock-in-trade of the smuggling fraternity, but salt, arms, and ordinary merchandise made good seconds. The Hongkong authorities looked on with indifference, while the Hongkong trading community were loud and vituperative in their complaints against the preventive measures—duty and likin collecting stations and patrolling cruisers—enforced by the Canton Customs authorities. These preventive measures the colonists denounced as the Blockade of Hongkong. They demanded its removal and the restoration of the privilege, previously enjoyed, by which Chinese produce had been allowed to be transhipped at Hongkong without losing its Chinese status. Any co-operative action to assist the Chinese in the protection of their lawful revenue was scoffed at. Aware of this underlying antagonism, Hart laid before the commission the Chinese Government's offer to withdraw the Viceroy's and the Hoppo's stations in the neighbourhood of Hongkong, in return for the Colony's acceptance of a plan by which Chinese opium hulks might be moored in Hongkong harbour for the bonding of all opium imported from abroad and for the collecting of China's revenue on all opium leaving the hulks for Hongkong or Macao, while all opium sent to Chinese ports was to be covered by special certificates. The British representatives declined the offer. "Blockade" restrictions, they said, had been considerably relaxed, and they had no intention of agreeing to the levy of duty on opium meant for Hongkong and Macao. They were, however, willing to accept co-operation, provided such co-operation would mean more effective control over Chinese junks trading between Hongkong and the mainland. The outcome of the commission's labours was the Opium Agreement, signed at Hongkong on the 11th September 1886. By virtue of this Agreement the Chinese Customs Service was for the first time entrusted with the control of Chinese craft sailing out of Hongkong waters into Chinese waters, and *vice versa*, and also for the first time with the collecting of likin and of Native Customs duties. The Agreement also provided for the collecting of the combined likin and duty on opium, as arranged for by the Additional Article of the Chefoo Convention, as well as for the settling of disputes between Hongkong junks and the Native Customs revenue stations or cruisers in the neighbourhood. For the greater convenience of the trading public, the Hongkong Government permitted—without extending official recognition—the opening of an office of the Chinese Customs in the city of Victoria, where a Commissioner of Customs, of British nationality, appointed by the Inspector General, could function as the Chinese official in charge of the Kowloon district and of all the Chinese revenue-protecting agencies within its limits. (*Vide antea*, vol. i, pp. 547–587; vol. vi, pp. 546–568, 576–583.) A prerequisite to the implementing of the Hongkong Opium Agreement was that China should arrange with Macao for the adoption of similar measures. This was the very opportunity that Portugal had long waited for. The Portuguese had lived and traded on the Macao peninsula for over three centuries, but the suzerainty of the territory had always been retained by China. As the price of her acquiescence in an opium agreement, Portugal now demanded full sovereignty over the territory and colony of Macao. It was a heavy price to pay, and many of China's leading statesmen were strongly opposed to any such concession; but the Hongkong Agreement had been signed, and unless the whole arrangement, and all that it implied for China's revenue, was to be scrapped, then Portugal's conditions would have to be met. On being authorised to proceed, Hart instructed Mr. J. D. Campbell to undertake a second diplomatic mission, this time to Lisbon, where on the 26th March 1887 he signed with the Portuguese authorities what is known as the Protocol of Lisbon. The negotiations for this agreement were as protracted and as delicate as those of the previous year for the Protocol of Paris, but thanks once more to Campbell's ability and tact they were completely successful. By this instrument China confirmed perpetual occupation and government of Macao and its dependencies

the delimitation of the Burmese frontier and China's relations with Thibet. In May 1885 he was appointed by the English foreign secretary, Lord Granville, British minister at Peking in succession to Sir Harry Parkes, but he recognised that the Chinese wished to retain his services as inspector-general, and in August he resigned the position without taking up the duties.* He had indeed identified himself too fully with Chinese interests and points of view to fit him for diplomatic work on behalf of another country.

Hart did not anticipate the collapse of China in the war with Japan of 1894-5; but after that war had been concluded by the Treaty of Shimonoseki, he used all his efforts to induce the Chinese government to introduce necessary reforms. He foresaw the Boxer outbreak in 1900, but he held that the movement was 'a purely patriotic volunteer movement, and its object is to strengthen China and for a Chinese programme' (*These from the Land of Sinim*, p. 52). The crisis came sooner than he had contemplated. He showed gallantry and endurance when the rebels occupied Peking, but his house and papers, including his diary of forty years, were burned† (June), and he had to take refuge in the British legation. When the legation was besieged, false reports of his death were circulated in England (July), but he was unhurt. As soon as the rebellion was suppressed by an international force (14 Aug.) Hart resumed his office (21 Aug.), and became as before the friend and adviser of the Chinese government. He organised in 1901 a native customs service at the treaty ports,‡ and he played a large part in the re-establishment of the Manchu dynasty with the empress dowager at its head. Although it was an 'alien government,' he insisted that it had been 'part and parcel of the nation for three hundred years' (*ib.* p. 96).

In 1901 he published, under the title 'These from the Land of Sinim,' essays on the Chinese question, part of which he had written during the Boxer rising. There, while dwelling eloquently on the populousness and fertility of the country, he explains the people's exclusiveness and distrust of foreign races. He optimistically

by Portugal, while Portugal undertook never to alienate this territory without China's consent and to co-operate in the opium work at Macao in the same way as Great Britain at Hongkong.

* For Hart's official despatch declining the appointment of H.B.M. Envoy Extraordinary and Minister Plenipotentiary, *vide antea*, vol. vi, pp. 543-545; and for interchange of telegrams on the same subject, *vide antea*, vol. vii, pp. 114-116.

† The diary was not burned. It was rescued, literally at the peril of his life, by the late Mr. L. Sandercock, then a young 4th Assistant, attached to the Inspectorate at Peking. This unique diary is now in the possession of Sir Edgar Bruce Hart.

‡ *Vide antea*, vol. ii, pp. 256, 257, 267, 280-306, 317-327, 335, 412-420, 494, 495.

looked for reform, he had written to a private friend in 1896, not from any individual action but from 'the healthy interaction of the forces now coming into play.'

Hart's unchallenged authority was rudely and without warning terminated by the Chinese government in May 1906. The customs service was then subordinated to a board of Chinese officials under the title of Shui-wu Ch'ü.* A remonstrance from the British government was disregarded. As a consequence Hart tendered his resignation in July 1906. It was never definitely accepted, but in Jan. 1908 he received formal leave of absence, and was accorded the title of president of the board of customs. He returned to England for good.

During his long sojourn in China the government had been profuse in acknowledgment of his services, and his Chinese honours† excelled in number and distinction those bestowed on any other European. They included, brevet title of An Ch'a Ssu (civil rank of the third class), 1864; brevet title of Pu Cheng Ssu (civil rank of the second class), 1869; Red Button of the first class, 1881; Double Dragon, second division, first class, 1885; the Peacock's Feather, 1885; ancestral rank of the first class of the first order for three generations, with letters patent, 1889; brevet title of junior guardian of the heir apparent, 1901.

European governments, to whom he rendered a long succession of services, were also liberal in recognition.† In 1870 he was made chevalier of the Swedish order of Vasa, and other high distinctions

* For the appointment of the two High Ministers to control Customs business and Customs Staff, *vide antea*, vol. ii, p. 508, footnote; and for the creation of the Shui-wu Ch'ü, *ibid.*, pp. 539, 544, 548-552. Hart's reaction to this move on the part of the Chinese Government will be found in his letter to Sir Cecil Clementi, *antea*, vol. vii, pp. 206-212.

† List of Sir Robert Hart's Literary Degrees, Honours, etc.:-

[*Previous Career: British Consular Service, China.*—Supernumerary Interpreter, Superintendency of Trade, Hongkong, May 1854. Supernumerary, British Consulate, Ningpo, October 1854. Assistant, British Consulate, Ningpo, June 1855. Second Assistant, British Consulate, Canton, March 1858. Secretary to Allied Commissioners for the Government of the City of Canton, April 1858. Interpreter, British Consulate, Canton, October 1858. Granted special permission to resign and accept an appointment in the Chinese Imperial Maritime Customs.

Chinese Imperial Maritime Customs.—Deputy Commissioner (粵海關副稅務司), Canton, June 1859. Officiating Inspector General (署總稅務司), April 1861 to May 1863. Commissioner at Shanghai, with charge of the Yangtze Ports and Ningpo (長江各口及寧波口稅務司), August 1863. Inspector General (總稅務司), November 1863.]

A.B. and Senior Scholar, Queen's University, Ireland, 1853. A.M. (*Honoris causa*), Queen's University, Ireland, 1875. LL.D. (Honorary), Queen's University, Ireland, 1882. LL.D. (Honorary), Michigan University, U.S.A., 1886. D.C.L. (Honorary), Oxford, 1908. LL.D. (Honorary), Dublin, 1908. Förderer of the Museum für Völkerkunde, Leipzig, 1878. Brevet Title of An Ch'a Ssü (按察使銜) (Civil Rank of the Third Class), China, 1864. Brevet Title

came from the governments of France, Belgium, Austria, Italy, Portugal, the Netherlands, and Prussia, and from Pope Pius IX. The British government made him C.M.G. in 1879, K.C.M.G. in 1882, G.C.M.G. in 1889, and a baronet in 1893.

A north of Ireland man of retiring disposition, Hart, while he thoroughly assimilated Chinese influences, combined business capacity and courage with untiring patience and tolerance, habits of deliberation, and an Eastern equanimity under good or bad fortune. He had a fine memory and a stock of varied learning in oriental and other subjects. He was Förderer of the Museum für Völkerkunde, Leipzig, 1878; hon. member of the Royal Asiatic Society, Shanghai, 1879; of the Oriental Museum, Vienna, 1880; and of the Institut de Droit International, 1892. He was made an hon. fellow of the

of Pu Cheng Ssu (布政使銜) (Civil Rank of the Second Class), China, 1869. Commandeur of the Order of Leopold, Belgium, 1869. Chevalier of the Order of Wasa, Sweden, 1870. Commandeur of the Order of Francis Joseph, Austria, 1870. Grand Cross of the Order of Francis Joseph, Austria, 1873. Commandeur of the Order of the Legion of Honour, France, 1878. C.M.G., Great Britain, 1879. Red Button of the First Class (頭品頂戴), China, 1881. K.C.M.G., Great Britain, 1882. Grand Officer of the Order of the Crown of Italy, Italy, 1884. Grand Officer of the Order of the Legion of Honour, France, 1885. Commandeur of the Order of Pius IX, Holy See, 1885. Double Dragon, Second Division, First Class (雙龍二等第一寶星), China, 1885. The Peacock's Feather (花翎), China, 1885. Grand Cross of the Order of Christ, Portugal, 1888. G.C.M.G., Great Britain, 1889. Ancestral Rank of the First Class of the First Order for Three Generations, with Letters Patent (三代正一品封典), China, 1889. Baronet, Great Britain, 1893. Grand Officer of the Order of Leopold, Belgium, 1893. Grand Cross of the Order of the Polar Star, Sweden, 1894. Grand Cross of the Order of Orange Nassau, Netherlands, 1897. Order of the Crown, First Class, Prussia, 1900. Brevet Title of Junior Guardian of the Heir Apparent (Kung Pao) (太子少保銜), China, December 1901. Grand Cross of the Order of the Crown of Italy, Italy, 1906. Order of the Rising Sun, First Class, Japan, 1906. Grand Cordon of the Order of Leopold, Belgium, 1906. Grand Cross of the Order of Ste. Anne, Russia, 1907. Grand Cross of the Dragon of Annam, France, 1907. Grand Cross of the Order of St. Olaf, Norway, 1907. Brevet Title of Shang Shu (尚書銜), China, January 1908. Grand Cross of the Order of Danebrog, Denmark, 1908. Brevet Title of Grand Guardian of the Heir Apparent (太子太保銜), China, September 1911. Freeman of the City of London, 1908. Freeman of the City of Belfast, 1908. Freeman of the Borough of Taunton, 1908. Honorary Member of the China Branch, Royal Asiatic Society, Shanghai, 1879. Honorary Member of the Oriental Museum, Vienna, 1880. Honorary Fellow of the Royal Statistical Society, London, 1890. Honorary Member of the Institut de Droit International, 1892.

N.B.—(a) Was appointed Her Britannic Majesty's Envoy Extraordinary and Minister Plenipotentiary to the Emperor of China and also to the King of Korea in May 1885; did not take up the appointment, and resigned August 1885; remained in the Chinese Service as Inspector General.

(b) Was presented with an Address and a Service of Plate by the members of the Customs Service, Foreign and Chinese, 1890.

(c) Was received in Audience by the Empress Dowager and Emperor (觀見) on 23rd February 1902; received Presents from the Empress Dowager and Emperor's Scroll (福字一方), etc., on 24th February 1902.

("Chinese Imperial Maritime Customs Service List," 1911.)

Royal Statistical Society in 1890. On his retirement from China he lived for the most part at Fingest Grove, near Great Marlow, where he died on 20 Sept. 1911. He was buried at Bisham on the Thames. On 23 Sept. 1911 an imperial edict was issued at Peking which, after reciting his services and enumerating the various Chinese honours already accorded him, added to these as a posthumous distinction the brevet rank of senior guardian of the heir apparent.

On 22 Aug. 1866 Hart married at Ravarnet in co. Antrim, where his parents were living, Hester Jane, eldest daughter of Alexander Bredon, M.D., of Portadown. She survived him with one son, Edgar Bruce, his successor in the baronetcy, born in 1873, and two daughters.

A caricature appeared in 'Vanity Fair' in 1894.

[Sir Robert Hart—The Romance of a Great Career, by Juliet Bredon, 1909 (with photogravure portrait as frontispiece); *The Times*, 10 Jan. 1899, 17 July 1900, 21 Sept. 1911; Foreign Office List; Who's Who, 1911.]

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APPENDIX.

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APPENDIX.

LIST OF CHINESE CUSTOMS PUBLICATIONS.

I.—STATISTICAL SERIES.

No.	Publication begun
1.—Shanghai Customs Daily Returns	1866
<i>[Publication ceased 31st March 1932.]</i>	
2.—Quarterly Returns of Trade	1869
1869–1913. Customs Gazette.	
1886–1902. Fines and Confiscations [Part III of Customs Gazette, published separately].	
1914–31. Quarterly Returns of Trade.	
[1920–31. Separate port issue, in Chinese and English combined. The October–December Quarter 1920, 1921, and 1922 contain the Annual Trade Report and Returns, replacing the former Part II of the "Annual Returns of Trade and Trade Reports," Nos. 3 to 5.]	
<i>[Publication ceased December 1931.]</i>	

ANNUAL RETURNS OF TRADE AND TRADE REPORTS.

3.—Annual Returns of Trade	1859
4.—Reports on Trade	1865
5.—Chinese Version of { Returns of Trade*	1875
{ Reports on Trade*	1889
1859–64. Annual Returns of Trade.	
1865–81. Reports on Trade.	
1865–81. Returns of Trade.	
1882–1919. Returns of Trade and Trade Reports.	
Part I.—Report on the Foreign Trade of China, and Abstract of Statistics.	
Part II.—Port Trade Statistics and Reports.	
Part III.—Analysis of the Foreign Trade of China (two volumes: Vol. I, Imports; Vol. II, Exports).	
1920–31. Foreign Trade of China.	
Part I.—Report and Abstract of Statistics.	
Part II.—Analysis [formerly Part III].	

* Incorporated with Nos. 3 and 4 from 1913 to 1919.

No.		Publication begun
	1920-31. Annual Trade Reports and Returns.	
	[Separate port issue, in Chinese and English combined. 1920-22 published with October-December issue of Quarterly Returns (<i>see</i> No. 2). From 1923 to 1931 published separately.]	
	[Nos. 3, 4, and 5: Publication ceased 1931; now replaced by new No. 1]	
1.	The Trade of China:—	
	1932-34.	
	Vol. I.—Report, with General Tables of Customs Revenue, Value of Trade, Treasure, and Shipping.	
	Vol. II.—Foreign Trade: Abstract of Import and Export Statistics.	
	Vol. III.—Foreign Trade: Analysis of Imports.	
	Vol. IV.—Foreign Trade: Analysis of Exports.	
	Vol. V.—Domestic Trade: Interport Statistics.	
	1935.	
	Vol. I.—Report, with General Tables of Customs Revenue, Value of Trade, Treasure, and Shipping.	
	Vol. II.—Foreign Trade: Complete Analysis of Imports.	
	Vol. III.—Foreign Trade: Complete Analysis of Exports.	
	Vol. IV.—Domestic Trade: Interport Statistics.	
	1936 ONWARDS.	
	Vol. I.—Report, with General Tables of Customs Revenue, Value of Trade, Treasure, and Shipping; and Analysis of Trade by Countries.	
	Vol. II.—Foreign Trade: Complete Analysis of Imports.	
	Vol. III.—Foreign Trade: Complete Analysis of Exports.	
	Vol. IV.—Domestic Trade: Movements of Chinese Produce carried by Steamers between Open Ports (excluding movements by junk, rail, road, and steamers under I.W.S.N. Rules).	
2.	Shanghai Annual Returns of Foreign Trade: Analysis of Imports and Exports	1936
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6.	Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on the Condition and Development of the Treaty Port Provinces:	Published
	First Issue, 1882-91 *	1893
	Second Issue, 1892-1901 (two volumes: Vol. I, Northern and Yangtze Ports; Vol. II, Southern and Frontier Ports)	1904

No.	Published
Third Issue, 1902-11 (three volumes: Vol. I, Northern and Yangtze Ports; Vol. II, Southern and Frontier Ports; Vol. III, Moukden)	1913
Fourth Issue, 1912-21 (two volumes: Vol. I, Northern and Yangtze Ports; Vol. II, Southern and Frontier Ports)	1924
Fifth Issue, 1922-31 (two volumes: Vol. I, Northern and Yangtze Ports, with Introduction, History of the External Trade of China, 1834-81, and Synopsis, 1882-1931; Vol. II, Southern and Frontier Ports)	1933
Chinese Version of Fifth Issue (two volumes, as English Version)	1935
7.—Native Customs Trade Returns:	
No. 1.—Foochow: Kuang Hsü, 29th Year	1904
No. 2.—Tientsin: 1902.. .. .	1904
No. 3.—Quinquennial Reports and Returns, 1902-06	1907
	Publication begun
8.—Monthly Returns of the Foreign Trade of China	1931
9.—Shanghai Monthly Returns of Foreign Trade	1931

II.—SPECIAL SERIES.

No.	Published
1.—Native Opium*	1864
2.—Medical Reports: 68th to 80th Issues (First Issue, 1871)..	1911
3.—Silk: Replies from Commissioners of Customs to Inspector General's Circular No. 103, Second Series. (Reprinted in 1917, with a treatise on "Manchurian Tussock Silk.")	1881
4.—Opium	1881
5.—Notices to Mariners, 1937: Fifty-sixth Issue (First Issue, 1883)	1938
6.—Chinese Music	1884
7.—Instructions for Making Meteorological Observations, prepared for use in China; and the Law of Storms in the Eastern Seas	1887
8.—List of Medicines Exported from Hankow and the other Yangtze Ports, and Tariff of Approximate Values of Medicines, etc., exported from Hankow: Third Issue (First Issue, 1888; Second Issue, 1909)	1917
9.—Native Opium, 1887; with an appendix, Native Opium, 1863	1888
10.—Opium: Crude and Prepared	1888
11.—Tea, 1888	1889
12.—Silk: Statistics, 1879-88	1889

* Out of print.

No.	Published
13.—Opium: Historical Note; or The Poppy in China *	.. 1889
14.—Opium Trade: March Quarter, 1889 .. ..	.. 1889
15.—Woosung Bar: Dredging Operations .. ..	.. 1890
16.—Chinese Jute .. .. .	.. 1891
17.—Ichang to Chungking, 1890 .. .. .	.. 1892
18.—Chinese Life-boats, etc. .. .. .	.. 1893
19.—Report on Sound Trials of Sirens at the South-east and North-east Shantung Promontories .. ..	.. 1895
20.—Chungking: Business Quarter and Mooring Grounds, 1896	1896
21.—China's Defective Currency: Mr. Woodruff's Remedial Suggestions† .. .. .	.. 1897
22.—Railways and Inland Taxation: Mr. Bredon's Memoranda concerning .. .. .	.. 1897
23.—Outward Transit Pass Procedure at Canton: Provisional Rules .. .. .	.. 1897
24.—International Marine Conference, Washington, 1889 ..	1898
25.—West River: Report on Trade Conditions, etc., in 1897 ..	1901
26.—Land Tax: the Inspector General's Suggestions <i>re</i> Collection, Appropriation, etc. .. .. .	.. 1904
27.—An Inquiry into the Commercial Liabilities and Assets of China in International Trade .. .. .	.. 1904
28.—West River Regulations, 1904, and Kongmoon Customs Regulations, 1904 .. .. .	.. 1905
29.—Notes on the Hwangho, or Yellow River, including extracts from a Report on the Conditions of the South Bank immediately below Lo-k'ou .. .. .	.. 1906
30.—Memorandum on Wild Silkworm Culture in South-eastern Manchuria .. .. .	.. 1908
31.—The Soya Bean of Manchuria .. .. .	.. 1911
32.—Notes on Trade Routes in Western Yunnan .. ..	.. 1919
33.—The Tsokiang; or Water Transport Conditions between Tonkin, Lungchow, and Nanning .. .. .	.. 1920
34.—Handbook for the Guidance of Shipmasters on the Ichang-Chungking Section of the Yangtze River: Second Issue (First Issue, 1920) .. .. .	.. 1932
35.—Record of Trip in North-east Kiangsu, October 1920 ..	1921
36.—Notes on Sericulture in Chekiang .. .. .	.. 1922
37.—Contents of a Portable Sample Case .. .. .	.. 1923
38.—The Principal Articles of Chinese Commerce (Import and Export): with a description of the origin, appearance, characteristics, and general properties of each commodity; an account of the methods of preparation or manufacture; together with various tests, etc., by means of which the different products may be readily identified: Second Edition (First Edition, 1923) .. .. .	.. 1930

* Out of print.

† See also V.—Office Series: No. 52.

No.	Published
39.—The Lungchow Region: its Frontier Rivers, Roads, Towns, and Marts	1923
40.—Dangerous and Hazardous Cargo usually Imported into China: its Nature and Treatment: Third Edition (First Edition, 1924*)	1940
41.—China's Customs Revenue since the Revolution of 1911: Third Edition (First Edition, 1925;† Second Edition, 1927)	1935
42.—Furs and Skins	1928
43.—Sungari Aids Service: a Descriptive Report	1929
44.—China's Customs Revenue since the Revolution of 1911 (Chinese Version of No. 41: Third Edition)	1936

III.—MISCELLANEOUS SERIES.

No.	Published
1.—The Tariff Tables: First Issue‡	1868
2.—Trade Statistics of the Treaty Ports for the period 1863–1872, compiled for the Austro-Hungarian Universal Exhibition, Vienna, 1873, to illustrate the international exchange of products	1873
3.—Port Catalogues of the Chinese Customs Collection at the Austro-Hungarian Universal Exhibition, Vienna, 1873	1873
4.—Catalogue of the Chinese Imperial Maritime Customs Collection at the United States International Exhibition, Philadelphia, 1876†	1876
5.—Catalogue of the Collection exhibited in the Palais du Champs de Mars Universal Exhibition, Paris, 1878	1878
6.—List of Chinese Lighthouses, Light-vessels, Buoys, Beacons, etc., on the Coast and Rivers of China: Sixty-eighth Issue (First Issue, 1872)	1940
7.—List of Chinese Lighthouses, Light-vessels, Buoys, Beacons, etc., on the Coast and Rivers of China: Chinese Version of the Sixty-eighth Issue (First Issue, 1877)	1940
8.—General Tariff of Export and Import Duties, including the list of duty-free goods and of articles which are contraband or subject to special regulations‡	1879
9.—Special Catalogue of the Ningpo Collection of Exhibits for the International Fishery Exhibition, Berlin, 1880	1880
10.—Names of Places on the China Coast and the Yangtze River: Second Issue (First Issue, 1882)	1904
11.—Special Catalogue of the Chinese Collection of Exhibits for the International Fishery Exhibition, London, 1883	1883

* First issued as IV.—Service Series: No. 52.

† Issued as VI.—Inspectorate Series: No. 6.

‡ Out of print.

No.	Published
12.—Rules regarding Notarial Acts to be performed by Commissioners of Customs, and Forms of Protest: Second Issue (First Issue, 1882: Circular No. 187)	1883
13.—Illustrated Catalogue of the Chinese Collection of Exhibits for the International Health Exhibition, London, 1884	1884
14.—Catalogue of the Chinese Collection of Exhibits for the New Orleans Exposition, 1884–85	1884
15.—Glossary of Chinese Technical Expressions and Phrases occurring in Notices to Mariners, etc.: Third Issue (First Issue, 1898)	1934
16.—Catalogue of Customs Publications, with Prices: Sixth Issue (First Issue, 1887)	1936
17.—List of Chinese Medicines	1889
18.—The Tariff Tables, 1885: Second Issue	1889
19.—Treaties, Regulations, etc., between Corea and other Powers, 1876–89	1891
20.—Typhoon Anchorages	1893
21.—Chart of Amoy Inner Harbour*	1893
22.—Woosung Inner Bar; with an appendix consisting of the Report on the Bar (1876) by Messrs. G. A. Escher and Johs. de Rijke	1894
23.—Chinese Lighthouse Chart	1895
24.—Catalogue Spécial des Objets Exposés dans la Section Chinoise à l'Exposition Universelle de Paris, 1900	1900
25.—Regulations: General and Local, Customs, Harbour, etc.: Second Issue (First Issue [1859–99], 1901). (Two volumes:—Vol. I: Harbin District to Chinkiang; Vol. II: Shanghai to Tengyueh, with Appendix)	1921
26.—Catalogue Spécial des Objets Exposés dans la Section Chinoise à l'Exposition de Hanoi, 1902	1903
27.—Alphabetical Index of Imperial Post Offices and Postal Agents*	1904
28.—Catalogue of the Collection of Chinese Exhibits at the Louisiana Purchase Exposition, St. Louis, 1904	1904
29.—Exposition Universelle et Internationale de Liège en 1905: Catalogue Spécial des Objets Exposés dans la Section Chinoise	1905
30.—Treaties, Conventions, etc., between China and Foreign States: Second Edition. Two volumes. (First Edition, 1908.† Three volumes: Vols. I and II include Agreements negotiated prior to 1908; the Supplementary Volume consists only of Agreements made since 1908)	1917

* Out of print.

† First draft volume published in 1887.

No.	Published
31.—Table of Predicted Tides for Side Saddle, in the approach to the Yangtze River: Sixth Issue, 1927 (First Issue, 1922)*	1926
32.—List of Chinese Steam and Motor Vessels of 100 Tons Gross and Over: Eleventh Issue (First Issue, 1921)† ..	1931
[Publication ceased 1931.]	
33.—Regulations for Preventing Collisions at Sea (became internationally operative in 1910).. .. .	1923
34.—Revised Import Tariff for the Trade of China, 1922‡ ..	1922
35.—Export Tariff for the Trade of China (General Tariff of 1858) under the cognizance of the Inspectorate General of Customs (Ninth Issue)§	1931
36.—Tengyueh: Route Book of Travels in Neighbourhood, Hints for Travellers, Market Day Dates, and Notes on Yunnan Pronunciation, etc.	1927
37.—Equivalent Weights and Measures, Timber Measurement, and other Useful Information (Revised and Enlarged Edition, including No. 42 of this Series, adapted to the Metric System [First Issue, 1928: Tables of Equivalent Weights and Measures and other Useful Information])	1934
38.—Report of the Marine Department, 1937 (First Issue, 1909–10)|| .. .. .	1938
39.—Bonding Regulations (General Bonding Regulations issued separately, 1930): Second Issue (First Issue, 1931) ..	1933
40.—Guide to the Import Tariff (1934) and Classification of Returns (previous issues for 1931 and 1933 Tariffs): Revised Edition, 1940	1940
41.—Guide to the Export Tariff (1934) and Classification of Returns (previous issues for 1931 Tariff)	1939
42.—The Measurement of Timber. [See No. 37.]	1933
43.—The Coastwise Lights of China: an illustrated account of the Chinese Maritime Customs Lights Service	1933
44.—Code of Customs Regulations and Procedure: Third Edition, Revised and Enlarged (First Edition, 1933) ..	1937
45.—Privileged Factory Products Tariff	1934
46.—The Coastwise Lights of China (Chinese Version of No. 43)	1934
47.—Code of Customs Regulations and Procedure (Chinese Version of No. 44): Third Edition (First Edition, 1934)	1939

* Since 1928 published by the Hydrographic Department of the Chinese Navy.

† First issued (1920) as IV.—Service Series: No. 47.

‡ Since 1930 the Import Tariff has not been published in any Series.

§ Since 1931 this Export (now Interport) Tariff has not been published in any Series.

|| Issued prior to 1927 in V.—Office Series (at first—1875–1908—under the title “Report on Lights, Buoys, and Beacons”).

No.	Published
48.—Customs Preventive Law and Rules of the Customs Penalty Board of Inquiry and Appeal	1935
49.—Memorandum on the Inspection of Registered Cargo-boats at Shanghai	1937
50.—Guide to the Import and Export Tariffs and Classification of Returns (Chinese Version)	1937
51.—Junks and Sampans of the Upper Yangtze	1940

IV.—SERVICE SERIES.

No.	Issued
1.—Service List: Sixty-sixth Issue (First Issue, 1875) ..	1940
2.—Provisional Instructions for the Guidance of the Out-door Staff: Second Issue (First Issue, 1876)	1883
3.—Lighthouse Instructions: Fourth Issue (First Issue, 1870, Circular No. 23; Second Issue, 1877; Third Issue, 1884)	1908
4.—Lightship Instructions: Third Issue (First Issue, 1870, Circular No. 23; Second Issue, 1877)	1884
5.—Provisional Instructions for the Guidance of the In-door Staff: Second Issue (First Issue, 1877)	1883
6.—Customs Accounts: Instructions and Regulations for Keeping, and for Rendering them to the Inspectorate General: Sixth Issue (First Issue, 1868, Circular No. 31; Second Issue, 1870, Circular No. 7; Third Issue, 1877; Fourth Issue, 1883; Fifth Issue, 1907)	1930
7.—Inspector General's Circulars: First Series, 1861-75 ..	1879
8.—Instructions for preparing Returns of Trade and Revenue, etc.: Third Issue (First Issue, 1879; Second Issue, 1883)	1907
9.—Inspector General's Circulars: Second Series (Nos. 1-200), 1876-82	1883
10.—The Working of the Shanghai Office: Second Issue (First Issue, 1881)	1883
11.—Alphabetical Arrangement of Tariff and Practice Questions Settled, 1881-86	1887
12.—Inspector General's Circulars: Second Series (Nos. 201-317), 1882-85*	1886
13.—Inspector General's Circulars: Second Series (Nos. 318-450), 1885-89	1890
14.—The Working of the Statistical Department: First Issue..	1891
15.—Examiners' Valuation and Tariff List (Swatow)*	1892
16.—Instructions for Commanders and Officers of Customs Vessels: Fourth Issue (First Issue, 1892; Second Issue, 1911; Third Issue, 1922)*	1935
17.—Inspector General's Circulars: Second Series (Nos. 451-600), 1889-93*	1894

* Out of print.

No.	Issued
18.—China and Foreign Powers: a Synopsis of the Principal Stipulations of the Treaties and Conventions: First Issue*	1895
19.—Statistical Secretary's Printed Notes addressed to Commissioners of Customs, 1875-1915: Second Issue (First Issue, 1896)	1915
20.—Instructions for Keeping and Rendering Postal Accounts: Third Issue (First Issue, 1879; Second Issue, 1900) ..	1907
21.—Inspector General's Circulars: Second Series (Nos. 601-800), 1893-97*	1898
22.—Practice Questions Settled, 1881-99 (Nos. 1-139).. ..	1900
23.—Tariff Questions Settled, 1881-99 (Nos. 1-211) (with Chinese Version of Nos. 21-211)	1900
24.—Inspector General's Circulars: Second Series (Nos. 801-1000), 1897-1901*	1903
25.—Inspector General's Circulars: Second Series (Nos. 1001-1200), 1902-04*	1905
26.—Instructions for Measuring Vessels for Tonnage: Third Issue (First Issue, 1905)	1935
27.—Instructions concerning Meteorological Work: Fourth Issue (First Issue, 1905)	1938
28.—Inspector General's Circulars: Second Series (Nos. 1201-1400), 1904-06	1907
29.—Compendium of Inspector General's Circular Instructions: Third Issue (First Issue, 1907; Second Issue, 1914-15)	1925
30.—Weighing: a Short Treatise on Steelyards, with special reference to Chinese Balances and the proper way to use them	1908
31.—Inspector General's Circulars: Second Series (Nos. 1401-1600), 1907-09	1909
32.—Steam-launches and Motor-launches: their Comparative Utility for Service Purposes	1911
33.—Inspector General's Circulars: Second Series (Nos. 1601-1800), 1909-11	1911
34.—Instructions regarding Service Launches	1912
35.—Inspector General's Circulars: Second Series (Nos. 1801-2000), 1911-13	1913
36.—Inspector General's Circulars: Second Series (Nos. 2001-2300), 1913-14	1915
37.—Service Atlas: a Collection of Maps of the Neighbourhood of each Treaty Port, showing position of Maritime and Native Customs Establishments and their Branch Offices*	1915
38.—Handbook for Chinese Examinations: Papers set in the years 1911, 1912, and 1913	1916

No.	Issued
39.—Inspector General's Circulars: Second Series (Nos. 2301–2600), 1914–16	1917
40.—Instructions for the Customs River Police, Shanghai: Third Issue (First Issue, 1918; Second Issue, 1925) ..	1932
41.—Inspector General's Circulars: Second Series (Nos. 2601–2900), 1916–19	1919
42.—Memorandum concerning the Choice of Steam and Motor Launches for the Customs Service	1920
43.—Tidewaiters' Duties: Newchwang	1921
44.—Inspector General's Circulars: Second Series (Nos. 2901–3200), 1919–21	1921
45.—Memorandum on Economy of Stores and the Care and Maintenance of Materials	1921
46.—Williams' Canton Examiners' Reference Book: Revised Edition	1923
47.—[See III.—Miscellaneous Series, No. 32.]	
48.—Out-door Staff Duties: Shanghai: Second Issue (First Issue, 1909)	1922
49.—Inspector General's Circulars: Third Series (Nos. 1–351), 1890–1919	1922
50.—Inspector General's Circulars: Third Series (Nos. 352–700), 1919–22	1922
51.—List of Customs Publications with Alphabetical Index: Second Issue (First Issue, 1924)	1935
52.—[See II.—Special Series, No. 40.]	
53.—Inspector General's Circulars: Second Series (Nos. 3201–3500), 1921–24	1924
54.—Instructions for Measuring Oil Tanks and Calculating Gauge Tables	1925
55.—Inspector General's Circulars: Third Series (Nos. 701–1100), 1922–27	1927
56.—Inspector General's Circulars: Second Series (Nos. 3501–3800), 1924–28	1928
57.—Inspector General's Circulars: Second Series (Nos. 3801–4100), 1928–30	1930
58.—Inspector General's Circulars: Second Series (Nos. 4101–4300), 1930–31	1932
59.—Index to Prohibited and Restricted Drugs, Medicines, etc., with Rules and Regulations governing their Movement	1932
60.—Inspector General's Circulars: Second Series (Nos. 4301–4500), 1931–32	1933
61.—Handbook on the Classification of Paper	1933
62.—Inland Places open to Steam Navigation under I.W.S.N. Rules	1933

No.	Issued
63.—Instructions regarding Service Vessels	1933
64.—Service Arms and Drill Manual	1933
65.—Inspector General's Circulars: Second Series (Nos. 4501–4700), 1932–33	1933
66.—Service Arms and Drill Manual (Chinese Version) ..	1933
67.—Inspector General's Circulars: Second Series (Nos. 4701–4900), 1933–34	1934
68.—Inspector General's Circulars: Second Series (Nos. 4901–5100), 1934–35	1935
69.—Documents illustrative of the Origin, Development, and Activities of the Chinese Customs Service (in seven volumes)	1940
70.—Extracts from the Criminal Code of the Republic of China	1937
71.—Inspector General's Circulars: Second Series (Nos. 5101–5300), 1935–36	1936
72.—Inspector General's Circulars: Second Series (Nos. 5301–5500), 1936–37	1937
73.—River Inspectorate Instructions: Lower and Middle Yangtze	1937.
74.—Tidewaiters' Duties: Second Issue (First Issue, 1938) ..	1940
75.—Inspector General's Circulars: Second Series (Nos. 5501–5700), 1937–38	1938

V.—OFFICE SERIES.

No.	Issued
1.—The Cuba Commission: Papers relating to the Commission sent by China to ascertain the Condition of Chinese Coolies in Cuba	1876
2.—Proposals for the Better Regulation of Commercial Relations: being a Memorandum called for by the Tsungli Yamên, and drawn up by the Inspector General of Customs*	1876
3.—Hankow: Cartridges <i>ex Cavador Castle</i> consigned to British Consul for Local Volunteers	1876–77
4.—Chinkiang: China Navigation Company's Hulk <i>Cadiz</i> : Parts I and II (Part II: Diplomatic Action at Peking) ..	1877
5.—Customs Rules and Regulations for the Shipment and Discharge of Cargo, and Cargo and Pilotage Regulations in force at the Treaty Ports*	1876
6.—Report on Lights, Buoys, and Beacons,† 1875	1877
7.—Reports of the Commissioners of Customs on Questions connected with Tariff Revision, 1865–72	1872

* Out of print.

† Published later (1909–10 onwards) under the title "Report of the Marine Department."

No.	Issued
8.—Reports of the Commissioners of Customs on the Practice at each Port in the matter of Privileges Conceded and Facilitation of Business generally, 1869	1872
9.—Report on Lights, Buoys, and Beacons, 1877	1878
10.—Foochow: <i>Taiwan</i> False Manifest Case: Part I	1878
11.—Report on Lights, Buoys, and Beacons, 1878	1879
12.—Reports on the Haikwan Banking System and Local Currency at the Treaty Ports	1879
13.—Report on Lights, Buoys, and Beacons, 1879	1880
14.—Dock Stores and Ship Repairs: Replies to Circular concerning German Revision Duty-free Articles ..	1881
15.—Report on Lights, Buoys, and Beacons, 1880*	1881
16.—Registration of Cargo-boats	1881
17.—Joint Investigation in Customs Cases	1882
18.—National Defences (Sir W. G. Armstrong's Presidential Address to the Institution of Civil Engineers, January 1882)	1882
19.—Customs Service: Officers in Charge, 1859–80	1883
20.—Report on Lights, Buoys, and Beacons, 1882	1883
21.— " " " " 1883	1885
22.— " " " " 1884	1885
23.— " " " " 1885	1886
24.—Reports on the Foreign Opium Business at the Treaty Ports and Hongkong	1886
25.—Report on Lights, Buoys, and Beacons, 1886	1887
26.— " " " " 1887	1888
27.—Reports on Smuggling at Canton: Commissioners' Despatches, etc., 1871–85	1888
28.—Reports on Smuggling at Canton: Out-door Deputy Commissioners' Memos., 1881–86	1888
29.—Report on Lights, Buoys, and Beacons, 1888	1889
30.—Foreign Legations in China: List of Members, 1517–1899	1899
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† Port form.

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* Port form.

† Former Export Tariff (General Tariff of 1858), previously published (1922-31)
as III.—Miscellaneous Series: No. 35.

‡ Previous Import Tariff (1922) published as III.—Miscellaneous Series: No. 34.

§ First issued, 1869-1913, as part of Customs Gazette (movements from
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ADDENDA ET CORRIGENDA.

VOLUME V.

Page 285, first footnote, line 2. *For* "at King William's College,"
read "privately."

VOLUME VI.

Page vi, 1854, line 7. *For* "9th January 1854" *read* "9th February 1854."

Page viii, 1867, line 14. *For* "National partnership" *read*
"National partizanship."

Page 72, lines 14 and 16. *For* "Wynand" *read* "Wynaud."

Page 115, line 23. *For* "Wynand" *read* "Wynaud."

Page 168, line 1, after "Court." *Add* *

* *Antea*, vol. i, pp. 104-119. *Postea* vol. vii, pp. 85-87.

Page 200, line 2, after "Regulations." *Add* *

* *Antea*, vol. i, pp. 127-146. *Postea*, vol. vi, pp. 209, 210, 212-216; vol. vii, pp. 83, 84.

Page 235, footnotes. The signs * and † should be transposed.

Page 467, footnote. *Add*:

In spite of the efforts of Sir Thomas Wade, H.B.M. Minister, to secure from the Foreign Office a decision in conformity with his own, and the Consul's opinion, the final verdict—in the forming of which the opinion of the law officers of the Crown had been taken—was that the manifest was to be considered false and that a fine was impossible. Sir Thomas accordingly, in August 1882, ordered a fine of *Hk. Tls.* 100 to be levied, and the case was closed.

Page 498, line 5, after "I. M. Daae, Commissioner of Customs."
Add †

† Ivar Munthe Daae was born at Bergen on the 23rd September 1845. Three years after graduating at the University of Christiania (Oslo) he joined the Customs Service as a 4th Class Clerk in July 1867, and served successively at Shanghai, Tientsin, Shanghai again, Swatow, and Canton where he was appointed Acting Deputy Commissioner in 1876. In February of the year following he was promoted Commissioner at Tamsui (Formosa), and was subsequently in charge at Chinkiang and at Chefoo. From September 1878 to April 1879 he was Secretary in charge of the Inspectorate General conjointly with the Chief Secretary, Mr. (afterwards Sir) Robert E. Bredon, during the home leave of Sir Robert Hart. From September to November 1879, while serving as Chinese Secretary he was also in charge of the Chief Secretary's duties. From June 1885 to October 1887 Mr. Daae filled the post of Chief Secretary, going on leave on the latter date, and resigning in May 1888. Mr. Daae settled in Norway, where he founded in 1888 near Lillesand the *Kalvild Pulp and Paper Board Mills*, a business which he successfully conducted till his retirement in 1907 to Oslo, where he died on the 24th October 1924. Mr. Daae was an accomplished sinologue, and a well-known collector of old Chinese porcelain and bronze. He made a special study of land taxation in China, and published in 1892 a paper, which he had read in 1889 before the International Congress of Orientalists, on "The Land Tax in China: a description of its Origin and Development, together with the Nature and Incidences of the present Levy." Mr. Daae held Civil Rank of the Third Class; Kung P'ai of the Third Class; the Order of the Double Dragon, Third Division, First Class; and the King's Gold Medal of Merit, Norway.

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Page 6, line 11, after "or otherwise." *Add* *

* *Antea*, vol. vi, p. 32.

Page 9, line 3, after "in the matter." *Add* *

* For discussion of this matter of the unpaid duties at Shanghai, *vide* Wright: "China's Struggle for Tariff Autonomy, 1843-1938," pp. 129-133 and Fairbank, J. K. in "The Chinese Social and Political Science Review," vol. xx, April 1936, pp. 65-89; also *postea*, pp. 18-22.

Page 16, line 20, after "agreed upon;" *add* *

* *Antea*, vol. vi, pp. 50-57.

Page 23, line 11, after "July 1854," *add* *

* *Antea*, pp. 10-18.

Page 37, line 12, after "conformable to treaty." *Add* *

* *Antea*, vol. vi, pp. 72-74, 81-84.

Page 46, line 5, after "arrest and imprisonment." *Add* *

* *Antea*, vol. i, pp. 241-249.

Page 48, line 18, after "under which he acted." *Add* *

* *Antea*, vol. i, pp. 241-249. *Postea*, p. 59.

Page 62, footnote. *Add*:

Vide also *antea*, vol. vi, pp. 129-154.

Page 68, footnote. *Add*:

Vide also *antea*, vol. vi, p. 144.

Page 78, line 31, after "Chinese Customs Service." *Add* †

† The three men selected were E. B. Drew, E. C. Taintor, and F. E. Woodruff, all of whom rose to high positions. E. B. Drew, a graduate of Harvard, was made full Commissioner within three years of joining, and served in that capacity at Chinkiang, Kiukiang, Chefoo, Foochow (twice), Ningpo, Shanghai, Tientsun, and Canton (twice). Quite early in his career he held the post of Chinese Secretary for nine months, October 1867 to June 1868. He distinguished himself as Statistical Secretary (April 1882 to August 1887) and as Chief Secretary (October 1889 to March 1893). He resigned in July 1908 after a career of 43 years in the Service. It was through his instrumentality that Messrs. H. B. Morse, H. F. Merrill, C. C. Clarke, and W. F. Spimmey were recruited. Drew held Civil Rank of the Third Class; Button of the Second Class; Kung P'ai of the First Class; Order of the Double Dragon, Third Division, First Class, Second Division, Third and Second Classes; and was Chevalier of the Order of Francis Joseph, and Officier of the Royal Order of Cambodia.

E. C. Taintor was a graduate of Union College, New York. During his short Service career of only 13 years, he served as officer in charge of Tamsui (Formosa), and of Newchwang, and was Statistical Secretary when he died in May 1878. Taintor held Civil Rank of the Third Class, conferred on him a few months before his death.

F. E. Woodruff graduated at Yale in 1865 and joined the Customs Service in August of the same year. He acted as Chinese Secretary for over a year in 1868-1869, and was subsequently Commissioner at Chinkiang (twice), Hankow, Wuhu (twice), which port he opened in 1877, Amoy, Canton (twice), Takow in Formosa, Swatow, Chungking, and Ichang. Woodruff was the author of two valuable pamphlets on Chinese finance, the one on "The Scarcity of Copper Cash," published in 1896 and the other on "China's Defective Currency," published in 1897: in both cases he made sound remedial suggestions. Woodruff held Civil Rank of the Third and Second Classes, and the Order of the Double Dragon, Third Division, First Class.

Page 82, line 15, after "I believe was sent you." *Add* †

† This was evidently Hart's memorandum of November 1864, which was subsequently published as a B.P.P.: China No. 1, 1865, *antea*, vol. vi, pp. 172-194.

Page 83, footnote. *Add* :

Vide antea, vol. i, pp. 127-146.

Page 85, line 8, after "cases of confiscation," *add* †

† *Antea*, vol. i, pp. 104-119.

Page 108, footnote. *Add* :

Vide antea, vol. i, p. 446.

Page 109, line 24, after "burdensome and unnecessary." *Add* *

* *Antea*, vol. vi, pp. 76, 78, 81; vol. vii, pp. 37, 39, 40, and 41.

Page 201. The extracts appearing on pp. 201-205 are from B.P.P.: China Nos. 1 and 2 (1906).

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